EUROPE'S BUSINESS NEWSPAPER

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Wednesday June 26 1991

D 8523A

CONSCRIPTION
Europe's armies ready to volunteer
Page 16

World News

EC social charter plan stalls on UK opposition

European Community efforts to agree measures to protect pregnant women at work ran into the sands last night, with the UK opposing it and Brussels threatening to withdraw the entire directive if it became too diluted.

The UK is the sole opponent of the substance of the package, seen as one of the EC Social Charter's flagship policies. The dispute centres on proposals to give working women the right to 14 weeks' maternity leave on full pay. Some member countries already give at least this, but Britain's maternity provision is the least generous in the EC. Page 18; EC airlines, Page 3

Kuwait lifts martial law
Kuwait today lifts martial law imposed when Iraqi troops were forced out of the country in late February. Martial law courts, widely criticised as unfair, will be disbanded and remaining cases handed over to the normal court system. Page 4

Volcano blast 'any time'
Mount Unzen, the southern Japanese volcano which killed 40 people earlier this month, could erupt again "any time", an expert said. In the Philippines, Mount Pinatubo spouted a 9km high plume of ash and steam.

Clashes in Algeria
One person was shot dead in Algeria and 12 wounded during overnight clashes between Islamic fundamentalists and security forces. Police used teargas to quell violence later in the day. Picture, Page 4

Gunmen fire on train
Gunmen killed six people and 18 when they opened fire aboard a crowded commuter train in the black South African township of Soweto.

Bougainville scandal
The government of Papua New Guinea is recalling Col. Leo Nuia, head of military operations for the secessionist island of Bougainville, who admitted dumping the bodies of executed rebels in the sea.

Hungary-Soviet dispute
Talks broke down between Hungary and the Soviet Union over Soviet demands for some $1.2bn for buildings left following its troop withdrawal. Hungary counterclaims about $900m for environmental damage and maintenance arrears. When Johnny marches away, Page 16

Chinese arms statement
Premier Li Peng said China was ready to join negotiations for a "fair and reasonable" agreement on limiting international weapons sales – as US president George Bush has been urging.

Cambodia move
Exiled Cambodian prince Norodom Sihanouk said he would soon travel to Phnom Penh and set up what he called a "super government" over the present one and the guerrilla coalition fighting it.

Japanese train crash
A train packed with schoolchildren collided with a freight train in central Japan, injuring 308 passengers. The freight train had stalled at a level crossing.

Soccer man charged
Abdul Bhamjee, public affairs manager of South Africa's National Soccer League, was charged with fraud, theft and corruption over the alleged disappearance of R6.5m ($2.3m).

Karaoke bug spreads
The karaoke singing bug has spread to the People's Liberation Army, a bastion of China's communist rule. Eleven out of 16 Beijing barracks now have karaoke equipment.

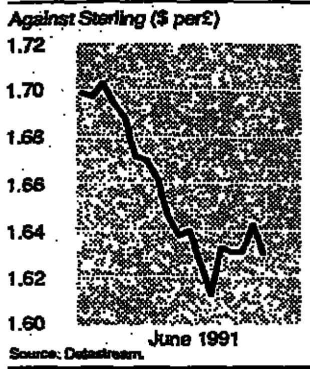
Business Summary

New figures confirm start of economic revival in US

A sharp rise in factory orders, more activity in the housing market and an increase in consumer confidence confirmed signs that a US economic recovery is under way. The Commerce Department said orders for durable goods rose 3.8 per cent between April and May, but remained 6.1 per cent below last year's level. Page 18

DOLLAR: Encouraging economic news boosted the US currency but it had failed to establish a clear trend at the London close, rising to

Dollar
Against Sterling ($ per£)



Source: Datastream.

DM1.7985 from DM1.7845. The pound fell 1½ cents to $1.6275. Currencies, Page 36; G7 power put in doubt by $ rise, Page 6; Lex, Page 18

TRAFALGAR HOUSE, shipping, engineering and construction conglomerate, announced a recommended cash offer for Davy Corporation, the beleaguered UK engineering contractor. Page 19; Lex, Page 18

JAPAN: The European operations of Nomura and Nikko, the Japanese securities companies, are to come under scrutiny from a main regulatory authority after the resignations of their presidents in Tokyo on Monday. Page 18; Scandals impose pressure on Tokyo, Page 4; Japan's institutions urge tougher securities rules, Page 4

THE EUROPEAN BANK for Reconstruction and Development announced its first loan to post-communist Europe. It approved a 15-year loan of $50m to the Polish Wielkopolski Bank Kredytowy (WBK) of Poznan, which will lend the funds on to heating enterprises in 10 Polish cities, including Poznan, Wroclaw and Lodz. Page 18

WELLS Fargo, large US West Coast commercial bank, warned that it expected to make a $350m provision to cover loan losses in the second quarter of 1991, reducing its after-tax profits in the period to just $15m. Page 19

HANSON'S plan to buy a £240m stake in ICI, the chemicals group, was not raised at a full board meeting of the conglomerate, although the decision to buy the shares had been made. Page 19

SONY, Japanese home electronics company, is to move its European headquarters from Cologne to Berlin, Germany's future seat of government.

BSN, large French foods group, is to bid for W&R Jacob, the Irish biscuit maker. Page 20

MINORCO, Luxembourg-quoted investment company which is 60 per cent owned by the Anglo American-De Beers group of South Africa, wants to dispose of its 47.8 per cent holding in Adobe Resources, the US-based oil and natural gas explorer and producer. Page 21

SOCIETE GENERALE of France has teamed up with Studio Albertini, one of Milan's top stockbrokers, to establish a joint venture Societa di Intermediazione Mobiliare (SIM), Italy's new form of stockbroker-fund manager hybrid. Page 22

Gorbachev gambles on draft union treaty sweeping away central control

Soviet states offered power

By **John Lloyd** in Moscow and **Chrystia Freeland** in Kiev

THE DRAFT Union treaty initialled by President Mikhail Gorbachev and the leaders of nine Soviet republics proposes sweeping away the centrally controlled political system of the USSR and handing power to semi-independent states.

The draft, a copy of which has been obtained by the Financial Times, explicitly locates power at republic, or state, level, with only limited functions left in the hands of the Union president and cabinet of ministers.

The draft treaty calls for authority over defence, foreign affairs and the budget to be shared between Moscow and the republics, an elected president who may not serve more than two terms and the right for republics to establish parallel diplomatic relations with foreign governments.

It is now being considered by the parliaments of the nine republics which are willing to become members of a new Union. The central Asian republic of Kazakhstan became the first to sign it on Monday, although with reportedly minor amendments.

The six republics not taking part in the creation of a new Union treaty are Georgia, Armenia, Estonia, Latvia, Lithuania and Moldavia. Under the terms of the draft treaty they will face economic sanctions from the states in the Union, in particular having to pay world prices for oil and other resources.

The treaty says that future relations with these states remain to be settled and their absence is not expected to affect the signing of the Union treaty which Mr Gorbachev expects to take place next month. However, separate work continues with almost all 15 republics to reach a consensus on an economic agreement.

By championing the treaty, Mr Gorbachev is balancing on a political high wire. He risks the wrath of hardliners who are anxious about the power he has given to the republican leaderships and his apparent preference for a radical economic plan for the country developed by Soviet and US experts.

The full text of the draft Union treaty shows why hardliners, and even moderate voices, are now concerned.

● It confines Soviet power to defence, foreign affairs, setting a Union budget and surveillance of communication and transport links. In each case, it must exercise joint control with the republics.

● The position of president will be an elective one of no more than two five-year terms. The president must be elected by at least 50 per cent of those voting, and in a majority of the states of the Union.

● The Supreme Soviet of the Union would retain its two chambers but the present chamber of nationalities would become the chamber of the republics composed of delegates from the republican parliaments, with the chamber of the Union made subordinate to it.

● The right to secede from the Union is explicit, but the method of doing so is referred to the constitution, which is now being drafted, and to Union laws.

● The draft gives the republics the rights over all their land, resources and waters. The only resources continuing to be controlled by the centre are gold and diamond reserves.

It implicitly cedes to the republics the right to property on their territory. The Union can only retain control of such installations as defence plants, atomic power stations, communications, railroads and some official buildings. In these cases, the states and the Union have joint control.

● State laws have priority over republican laws on their territory, except in the areas where the Union exercises agreed powers.

A constitutional court is to be set up to judge issues arising from the relations between the Union and the republics, and between the republics themselves.

The principles of democratic voting and state sovereignty are enshrined in several passages.

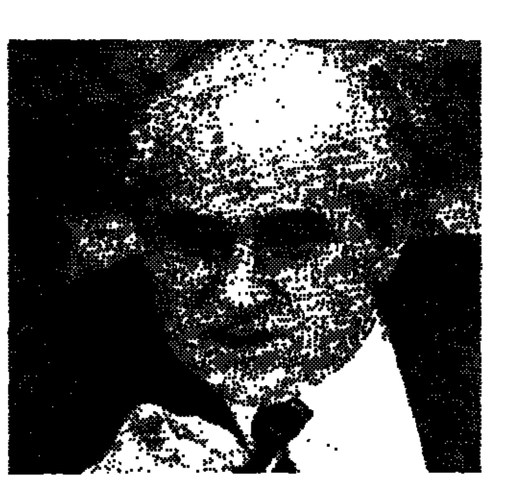
The first "basic principle" states that the "Union of Soviet republics is a Soviet federative democratic state created as a federation of equal republics".

The fourth principle states that "they (the states) will seek to satisfy the demands of their people on the basis of free choice of forms of ownership and economic methods".

Principle five says the states "recognise as their general fundamental principle democracy based on popular representation and direct expression of the will of the population. They strive for the creation of a law-based state which could serve as a guarantee against any tendencies towards totalitarianism and arbitrariness".

Principle seven gives the states the rights to be "fully fledged members of the international community", entitled to set up diplomatic, consular and trade links with foreign states and to sign treaties.

● Soviet power - shared with the republics - would be limited to defence, foreign affairs, setting a union budget and regulating transport and communication links.
● Republics would have rights over all their land, resources and waters.
● The president would be limited to two five-year terms and elected by 50 per cent of those voting, and in a majority of states.


Mikhail Gorbachev: political high-wire

Two republics break away from Yugoslavia

By **Judy Dempsey** in London and **Laura Silber** in Zagreb

CROATIA AND Slovenia unilaterally declared their independence from Yugoslavia yesterday, beginning its break-up as a united and federal state.

The move ends an experiment first devised by the late president Josef Tito after 1945 to create a multinational state and a region of stability in the Balkans.

The declarations of independence will not mean that the republics will secede from Yugoslavia. Their governments will continue to trade with the country's other four republics, continue to use the Yugoslav passport and retain the dinar, the official currency unit.

However, the two republics already have their own armies and are in the process of setting up diplomatic offices abroad. They will now also seek to establish their own central banks.

The declarations also put into motion a fundamental revision of relations between the republics and the federal government, and between the republics and their ethnic minorities.

Although the country in its present form is no longer tenable, plans by the republics of Bosnia-Hercegovina and Macedonia to retain a Yugoslav state have already been presented to the six republics in the form of a discussion document.

Although there was no official response from the European Community or the US to the declarations, France immediately said it disapproved.

Mr Roland Dumas, the French foreign minister, said: "It is the right of a people to determine their destiny, but we are constrained by international order."

He added: "It would be regrettable for independence to turn into clashes."

Last night Croatia's parliament, the Sabor, passed legislation making the republic techically unilaterally independent of Yugoslavia. The move was greeted with applause by most parlimentary deputies.

In Ljubljana, the capital of Slovenia, Mr Igor Bavcar, the interior minister, said the formal "ceremony of the proclamation of independence" would take place today. Legislation to confirm the sovereignty of Slovenia was being debated last night.

"We can now begin the process of negotiating an alliance of independent states of Yugoslavia," said Mr Darko Bekic, an adviser to Mr Franjo Tudjman, the president of Croatia.

Mr Milan Kucan, the president of Slovenia, which has a population of 2m, said: "In essence Yugoslavia will no longer be the state that came into the existence through the will of republics. The declaration means a formation of an independent state that is no longer a part of the Yugoslav federation."

These separate declarations of independence, which were brought forward by a day, throw open the future of the status of the ethnic Serb minority in Croatia and Croatia's relations with Serbia, the largest of the republics.

The Serb minority, which make up 11 per cent of the 4.5m population in the republic earlier this year declared their independence from Croatia.

The Krajina, a region in which the ethnic Serbs live, is now completely administered by Serbs. Yugoslav officials yesterday said they could not rule out violence between Croats and Serbs. Both ethnic groups are heavily armed. More than 20 people have been killed in ethnic clashes since the beginning of the year.

Mr Kucan warned that while "Slovenia and Croatia have basically the same aims. Croatia can reach independence only if it guarantees the political equality of all its citizens, particularly the Serbs".

Serbia, led by Mr Slobodan Milosevic, has consistently supported a federal state which would ensure the political dominance of Serbia.

He will now be under pressure by his nationalist supporters to protect the Serb minority in Croatia.

Mr Ante Markovic, the federal prime minister, who earlier this week made in vain an impassioned plea for unity to the Croatian parliament, will find it difficult to retain control of the political agenda.

He could salvage the Yugoslav state if he can persuade Serbia, and the federal army, to negotiate a new constitution which would place relations between the republics and the government on a new footing.

Croatians shrug off fear of isolation, Page 3
Editorial Comment, Page 16

Beazer asks bankers to back £1bn rescheduling

By **Andrew Taylor**, Construction Correspondent, in London

BEAZER, the heavily indebted UK construction and building materials group, yesterday asked its bankers to support plans to reschedule up to £1bn of debts in return for providing greater security on loans.

To reduce borrowings, it intends to float up to 100 per cent of its European housebuilding, property and contracting businesses instead of up to 50 per cent as previously announced.

This would enable the group, which also has extensive US operations, to raise up to £500m instead of £250m, said bankers.

At the same time as announcing the rescheduling plans, Beazer warned that it would have to re-examine its dividend policy in the face of a sharp fall in profits.

Mr Brian Beazer, chairman and chief executive, said that pre-tax profits for the year ending June 30 would be close to the lower end of analysts' forecasts of between £60m and £65m. This would compare with pre-tax profits of £105.7m in 1989-90 and £142.5m in 1988-89.

Beazer's share price fell yesterday by 28½p to 116½p after the announcement.

The Beazer chairman yesterday met representatives of the 100 banks which have provided loan facilities.

Bankers were told that the group's current net debt of £1bn, equivalent to 94 per cent of shareholders' funds, was considerably higher than it had forecast previously.

When Beazer announced its half-year results in March, it had estimated that net debt was likely to fall to about £750m by the end of the current financial year compared with £880.5m at the end of June last year.

Mr Beazer said the increase in borrowings was due to the rise in the dollar's value, worse-than-expected trading and the abandonment of plans to sell certain businesses in favour of a flotation.

The group, supported by lead bankers National Westminster and Citibank, has asked lenders to agree to a new bank facility secured against the group's US businesses which will be retained by Beazer.

The facility would extend the maturity of some loans and would offer greater liquidity and ease covenant agreements, said the group. The vast majority of its borrowings are in dollars raised to finance the $1.7bn purchase of Koppers cement and aggregates business in March 1988.

Beazer said it was considering moving domicile to the US as soon as practicable following the flotation. It said 75 per cent of its assets and 60 per cent of operating earnings were in the US. About 34 per cent of of its shares were held in the form of American Depository Receipts (ADRs).

Banks were yesterday asked to approve plans to float the European businesses, made up mostly of Beazer's UK housebuilding and contracting subsidiaries.

Lex, Page 18

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Brazilian airlines fly into a new era of competition

President Collor's call for a "New Brazil" has been taken up by the country's three carriers, which are cutting fares and offering fringe benefits. Other industries, however, are resisting change. Page 8

MARKETS

STERLING
New York lunchtime:
$1.6315
London:
$1.6275 (1.6425)
DM2.9275 (2.93)
FFr9.935 (9.9525)
SFr2.5275 (2.52)
Y226.0 (226.0)
£ index 89.6 (89.9)

GOLD
New York: Comex Aug
$366.7 (365.2)
London:
$364.2 (361.2)

N SEA OIL (Argus)
Brent Aug
$18.3 (unchanged)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM:1.794
FFr6.091
SFr1.5505
Y138.73
London:
DM1.7985 (1.7845)
FFr6.105 (6.06)
SFr1.553 (1.5335)
Y138.8 (138.85)
$ index 67.8 (67.6)
Tokyo close: Y138.38

US lunchtime rates
Fed Funds 5⅞%
3-mo Treasury Bills:
yield: 5.73%
Long Bond:
95 11/16
yield: 8.52%

STOCK INDICES
FT-SE 100:
2,461.2 (+2.9)
FT Ordinary:
1,921.6 (+0.5)
FT-A All-Share:
1,182.36 (unchanged)
New York lunchtime:
DJ Ind. Av.
2,912.79 (−0.22)
S&P Comp
371.15 (+0.21)
Tokyo: Nikkei
23,907.42 (+141.96)

LONDON MONEY
3-month Interbank:
11¼ (11 7/32)
Liffe long gilt future:
Sep89 7/16 (89 ?/32)

EUROPEAN NEWS

French finance minister sees autumn recovery

Bérégovoy optimistic of economic recovery

By George Graham in Paris

THERE ARE good times just around the corner, according to Mr Pierre Bérégovoy, France's minister for finance and the economy.

"I am reasonably optimistic. The signs of a recovery in the economy are beginning to be confirmed, and most economic forecasters share this opinion," Mr Bérégovoy said yesterday. "1992 will be a much better year than 1991, and the end of 1991 will be much better than the beginning, because our economy is fundamentally healthy."

Mr Bérégovoy's remarks came in the wake of last weekend's meeting of finance ministers of the Group of Seven industrialised nations. The G7 communiqué "noted with satisfaction the increasing signs for global economic recovery".

He warned, however, that this revival should not be expected to work through immediately. "It is too early to affirm peremptorily that the global recovery will come before the second half of the year. I have always affirmed that the autumn is the most probable time," Mr Bérégovoy said.

In France, all the same, there were encouraging signs. Mr Bérégovoy said the recent pick-up in industrial production in April was confirmed by strong car orders in May, and by the monthly survey by Insee, the state statistical agency, of business opinion.

"The Insee survey shows that we have passed the lowest point, and that order books are filling up," he said.

He also viewed yesterday's announcement of the May foreign trade deficit as an encouraging sign, since the relatively modest overall deficit was achieved despite a larger energy deficit and the sale of fewer Airbus passenger jets than in the previous month.

The foreign trade deficit widened to just over FFr2bn (£200m), compared with FFr1.86bn in April.

There was, however, a sharp decline in the deficit in industrial goods, from FFr4.5bn in April to FFr3.2bn in May, partly because of an increased surplus in trade in weapons and other military materiel.

The May figure brings the total trade deficit for the first five months of the year to FFr17.6bn, compared with FFr12.6bn for the same period of 1990.

Economic forecasters are predicting, however, a huge leap in unemployment in May, due to to be announced this afternoon. This may overshadow Mr Bérégovoy's optimism.

European dream begins to take real shape

David Buchan looks at prospects following this week's agreement on indirect taxes

THE prospect of a European Community free of routine controls along its internal frontiers after 1992 now looks more than a dream following this week's tax accord which smooths the way to removing fiscal frontier checks.

EC finance ministers ended their meeting late on Monday night in Luxembourg in broad political agreement. It was their third meeting in a month to discuss the long-vexed issue of harmonising their widely differing indirect tax rates.

The setting of EC-wide minimum standard rates for value added tax and excise duty has yet to be enshrined in binding directives; these will be tabled in the autumn. The UK government may then well veto them on the ground that, as it formally stated on Monday, it does not see the need for legal constraints on VAT rates.

But Britain this week accepted the principle of binding minimum excise rates on fuel, tobacco and alcohol (for protection of public health). Its EC partners were yesterday hoping that by autumn it may shift similarly on VAT.

The Twelve had already agreed to abolish customs checks on goods. Yesterday, the continental free travel zone for people was enlarged from six to eight EC states, with Spain and Portugal signing the Schengen convention. Today Community interior ministers will discuss ways of strengthening controls on the EC's external frontier as a means – a premise that Britain still rejects – to doing away with intra-EC checks on travellers.

But Monday's accord, incomplete though it is, nearly foundered on a variety of fiscal follies. Mr Michel Charasse, the French budget minister, got the day's entertainment off to a good start by denouncing virtually the whole of the Luxembourg presidency's tax compromise. France had seemed to have relatively few problems with the deal beforehand and such opposition would have been serious; but Mr Charasse was just clowning.

A better provider of wry amusement was Mr Norman Lamont, the UK chancellor of the exchequer. While refusing on grounds of sovereignty to bind the UK to keep its standard VAT rate at least 15 per cent, he was none the less ready to state emphatically in a formal EC minute that, as it happened, that was precisely what the UK government planned to do. This ruse had been foreshadowed at the last EC finance ministers' meeting on June 10.

Mr Lamont's partners treasured even more the fact that, while two weeks ago the proposed minimum excise on spirits – technically set at Ecu1,118.5 (£782.95) per 100 litres of pure alcohol – was too low for the UK, it had suddenly become too high.

What had happened in the meantime, as one observer put it, was that *"les distilleries écossaises se sont reveillées"* (the Scottish distilleries have woken up). Scotland's whisky producers realised their exports might suffer if southern EC states were forced to raise their excise, and lobbied the UK chancellor.

The latter, disarmingly, noted to his colleagues that Scotland fields 70 MPs at Westminster – to which somone retorted: "But very few are from your party". Undeterred by such continental quibbling, Mr Lamont got agreement on spirits excise put off.

The main points of this week's political agreement are:

- A 15 per cent minimum standard VAT rate by January 1 1993. This will require Germany to move up from 14 per cent (it has already said it will do so), and Spain and Luxembourg from 12 per cent. As compensation, the latter two are to be allowed to tax some items at a reduced rate.
- At the top of the VAT range, special rates that some countries impose on luxury goods will disappear. At the bottom, countries can choose one or two reduced rates, around 5 per cent, while countries such as the UK can continue their zero-rating of certain necessities.
- Minimum excise duty on cigarettes will be 57 per cent of the final retail price, and on beer it will be Ecus 1.87 for every one degree of alcohol for every 100 litres.
- To satisfy Germany, Spain, Portugal, Italy and Greece which levy no excise on wine, this will be zero-rated for excise. At the insistence of France which wants to continue its excise on wine, the Commission will study whether zero-rating is compatible with controls on preventing German and southern wine undercutting French wine in the French market and the north of the EC.
- The minimum excise on leaded petrol will be Ecus 337 per tonne, with as much as Ecus 50 lower for the unleaded variety. An unexpected difficulty arose at the last moment from Mr Lamont, who eventually got the minimum duty on heavy fuel oil cut from Ecus 16 to 13 per tonne.

This reduction, enabled the UK chancellor to say, as he did on Monday night, that "no taxes will change in the UK". Britain's EC partners reckoned a few Ecus were not much to pay to give Mr Lamont a badly-needed political fig leaf.

Walesa tones down threat to parliament

By Christopher Bobinski in Warsaw

PRESIDENT Lech Walesa yesterday toned down his threats to dissolve Poland's parliament and tried to calm the public mood at a meeting with factory workers.

The meeting was the first in a series this week during which Mr Walesa intends to sound out opinion on how to react after the Sejm, parliament's lower chamber, defied him on a new electoral law.

Individual workers called for dissolution of parliament "which has been acting against us and is a waste of time". But when Mr Walesa asked for a show of hands on the dissolution issue at the end of the meeting, little more than half supported tough action.

He adopted a conciliatory tone, assuring his listeners that decisions he took on the issue "will not harm democracy". He appeared to have been taken aback by adverse public comment after he said in Gdansk on Sunday that he was considering dissolving parliament and he reiterated that he "cannot break the law".

At the moment he has no grounds for dissolving parliament, which is insisting on a slightly more democratic election law. Mr Walesa says this risks producing unstable majorities and weak governments. He can only veto the Sejm's decision and there is every chance his veto will be overruled.

Speakers at the meeting were applauded for accusing Mr Leszek Balcerowicz, the finance minister, of "ruining state sector industry" and calling for the president to lock up former communists who were now successful businessmen. However, Mr Walesa defended the minister and warned that purges of former officials had led to staff shortages.

Soviet general set to leave Prague

GENERAL Eduard Vorobyov (right), commander of the Soviet Army's Central Group and the last serving Soviet soldier still in Czechoslovakia, yesterday signed a protocol ending the stationing of Soviet troops there after 23 years, Reuter reports from Prague. Gen Vorobyov, pictured with Czechoslovakian foreign minister Jiri Dienstbier, leaves for home tomorrow.

Efta and EC confident of accord

THE EC and the European Free Trade Association (Efta) said yesterday they were confident an accord on a common market would be in place by the end of next month, although enormous political problems still had to be overcome, Reuter reports from Salzburg.

Mr Jacques Poos, Luxembourg's foreign minister, told a news conference: "We are convinced that in the course of negotiations in the month of July we will finish the accord."

But he admitted a political accord declared last week had failed to solve all outstanding problems blocking a 380m-consumer European Economic Area (EEA).

Mr Wolfgang Schüssel, Austria's economics minister, has warned that if a deal is not signed in the autumn it would be difficult to have the 19-nation market in place by January 1 1993, as planned.

Swedish opposition pledges tax cuts

SWEDEN'S main opposition Conservative party said in its election manifesto released yesterday that it aimed to cut taxes and public spending as the country moved toward European Community membership, Reuter reports from Stockholm.

"A reduced tax burden is decisive for Sweden in the new Europe," the party said. "The tax burden should be reduced by at least 1 percentage point of gross domestic product (GDP) a year." The government said this month that Sweden would apply for EC membership on July 1.

The Conservatives are seen as the main opponents of the Social Democratic government in general elections to be held on September 15.

Sweden funds generous welfare-state benefits, with one of the world's highest tax burdens – more than 50 per cent of GDP.

Mr Carl Bildt, Conservative party leader, said he aimed to cut taxes for small- and medium-sized companies, value added tax and payroll taxes. He said VAT should be cut to 18 per cent from 25 per cent.

The cuts would be balanced by curbs in subsidies and other forms of assistance.

According to an opinion poll released at the weekend, about 21 per cent of the electorafe support the Conservatives.

The Social Democrats had 33 per cent of voter support, but a conservative-led opposition coalition would win a narrow majority in parliament, the poll showed.

- Sweden's GDP fell 0.4 per cent in the first three months of 1991 compared with the same period last year, the Central Bureau of Statistics said.

The government said in April that it estimated GDP would fall 0.2 per cent in 1991.

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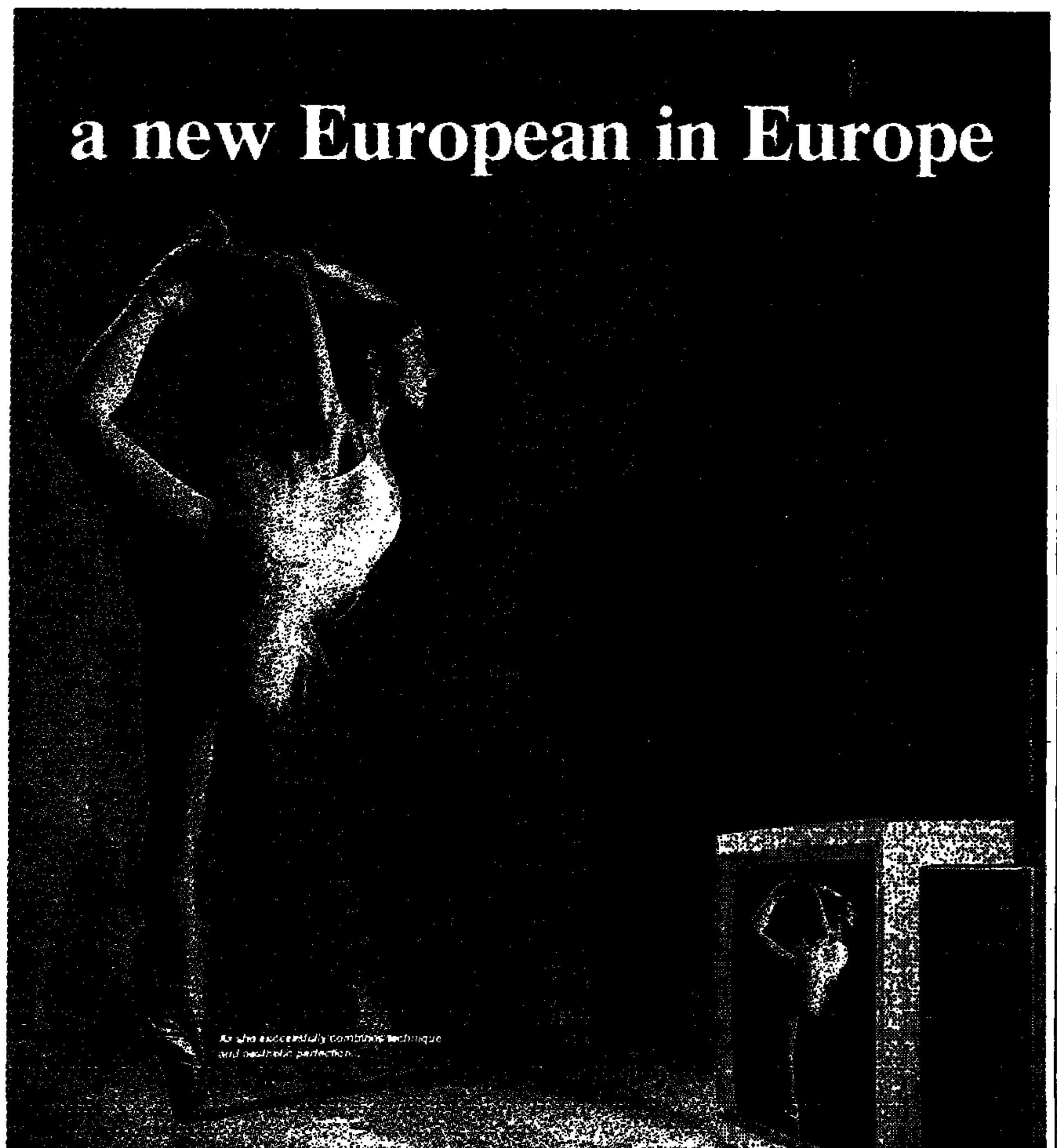

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We, N J Vooght and R B Graham of Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG were appointed Joint Administrative Receivers of Ultrafact Limited by Bank of Scotland on 12 June 1991.
Dated 12th June 1991.
N.J. Voight R.B. Graham Joint Administrative Receivers ad4dn

CITY RENTALS (HOLDINGS) LIMITED

We, N J Vooght and R B Graham of Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG were appointed Joint Administrative Receivers of City Rentals (Holdings) Limited by Bank of Scotland on 12 June 1991.
Dated 12th June 1991
N J Vooght
R B Graham
Joint Administrative Receivers

CITY RENTALS LIMITED

We N J Vooght and R B Graham of Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG were appointed Joint Administrative Receivers of City Rentals Limited by Bank of Scotland on 12 June 1991.

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Creditors are only entitled to vote if:

(a) they have delivered to us at the address shown above, no later than 12.00 hours on the business day before the Meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and

(b) there has been lodged with us any proxy which the creditor intends to use on his behalf.

Dated this 18th day of June 1991.

P.A. Lawrence
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EUROPEAN NEWS

UK backs voluntary greenhouse gas targets

By John Hunt, Environment Correspondent

BRITAIN and Japan have made a significant policy switch away from firm targets for reducing greenhouse gases at the Geneva talks to draw up a convention to combat global warming.

The UK has submitted a paper proposing that developed countries should give voluntary undertakings to draw up targets or strategies to limit greenhouse gases a year after a convention comes into force. Developing countries should do so two years after it comes into effect.

This would allow industrialised nations to decide their own programmes on greenhouse gases after the convention is agreed at the Environment and Development Conference – the Earth Summit – in Rio de Janeiro next June. The convention would merely be a framework with no minimum targets and timetables.

Originally, it was intended that the convention would agree mandatory international targets to stabilise and then reduce greenhouse gases. Many European countries had agreed to stabilise emissions by 2000 or earlier, while Britain had said it would do so by 2005.

Environmentalists are critical of the move and see it as an attempt to appease the US, which has refused to adopt targets for the reduction of carbon dioxide even though it is the world's biggest producer of this greenhouse gas.

The US would have no trouble accepting the British proposal as it would be able to adopt a strategy for reductions without setting targets.

Mr Richard Mott, treaties officer at World Wide Fund for Nature, said in Geneva yesterday: "Selling out the climate treaty just to have the US on board is a great mistake." Japan has put forward a similar mechanism to that of Britain, under which countries would publish a target or estimate on limiting emissions within three months of ratification of the convention. France is sympathetic to Japan's proposals.

Brussels drafts final 'open skies' package

By Paul Betts and Richard Tomkins

A THIRD package of European air transport liberalisation measures is to be tabled by the European Commission next month, Mr Karel Van Miert, the transport commissioner, said in London yesterday.

Mr Van Miert also said the EC would put forward proposals by the end of this year for a "global approach" to transport problems embracing the infrastructure, safety and environmental aspects of European transport.

The third package is the final stage in the Commission's "open skies" policy. It will include common criteria for airline and route licensing; the introduction of cabotage, enabling an airline from one country to offer domestic services in another; the complete phasing out of capacity limits; and the generalisation of fifth freedom rights allowing a carrier from one country to pick up traffic on intermediate routes within the EC.

Mr Van Miert was in London for talks with Sir Alastair Morton, British co-chairman of Eurotunnel, and Mr Malcolm Rifkind, the transport minister.

He was expected to use his meeting with the latter to urge the establishment of an EC transport infrastructure fund to help finance links in the planned high-speed rail network.

Mr Van Miert said the Council of Ministers was expected to review the latest air transport liberalisation proposals to be tabled next month in the autumn. However, he did not expect a formal decision on the third package of air transport measures until next year.

The Commission is also pressing ahead with proposals to introduce a more transparent system of take-off and landing rights or "slots" at European airports to ensure fair competition.

Mr Van Miert said there was a clear need for the EC to become involved in negotiations with other countries in future international aviation agreements. He wanted the Commission to be given a mandate to negotiate complete liberalisation of air freight with the US and Japan.

Papandreou trial hit by strike

LAWYERS in Athens extended a 15-day strike for another week yesterday, further disrupting the trial of former Socialist prime minister Andreas Papandreou, charged with bribe-taking in a $200m scandal, Reuter reports from Athens.

Mr Papandreou's trial is being delayed while main witness Mr George Koskotas, a banker who alleges he was forced to bribe the former prime minister, testifies after being extradited from the US.

The lawyers are protesting over a law raising office space rentals which they say will put hundreds of them out of business.

Croatians shrug off fear of isolation

By Laura Silber in Zagreb

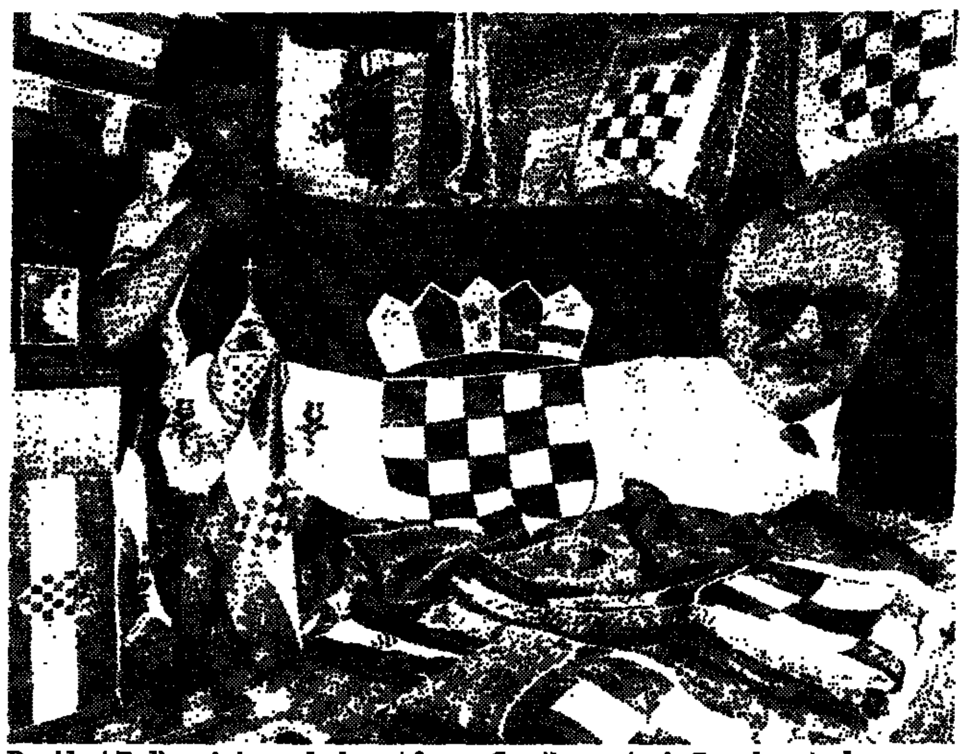
BURGHERS strolling through Ban Jelacic square, Zagreb's central meeting point, yesterday were not really concerned about the consequences of Croatia's declaration of independence, or the snubs by western governments. They quietly accepted their government's declaration as inevitable and necessary.

But in the Sabor, or parliament, deputies last night clapped loudly after they had passed legislation that unilaterally made the republic independent of Croatia.

"We can now begin the process of negotiating an alliance of independent states of Yugoslavia," said Mr Darko Bekic, a senior adviser to the president.

Out on the streets, a 35-year-old banker, expressing typical Croatian self-confidence, shrugged off the idea that the republic might become isolated. "The European Community and the US may call for the preservation of Yugoslavia's external and internal borders. But it is only a question of time before they will have to recognise us," he said.

The only thing that mattered to these citizens was that Croatia would now shed the shackles of the Yugoslav federation. To them, the federation was synonymous with domination by Serbia, Yugoslavia's biggest republic. This disdain for Serbia is reflected in an obsession with the external trappings of statehood. For the past few weeks, the city, and villages and towns throughout the republic, have been decked with Croatian flags. The picture of Mr Franjo Tudjman, the president, is in every newspaper, indeed on almost every page. The cult of personality reigns in Croatia.


President Tudjman's image looks out from a Croatian poster in Zagreb yesterday

The ruling Croatian Democratic Union (CDU) has spearheaded a popular campaign aimed at fostering a renaissance of the Croatian culture. It has coincided with a revival of the historical antagonism between Serbs and Croats.

"Croats throughout history, even as far back as the 11th century until 1918, were separated from Serbia," said a journalist at Radio Croatia yesterday. "The circumstances which led Croatia to join the Serbian kingdom of 1918 [the first Yugoslav state] are different now. There is nothing to be gained from being part of Yugoslavia."

However, some members of the Croatian opposition are nervous that the declaration of independence will strengthen what they see as the government's authoritarian tendencies. They say the ruling party, which last year won Croatia's first free elections since the Second World War on a promise to deliver sovereignty to the republic's 4.5m people, has diverted attention from social and economic problems.

Media dissent is not encouraged and public debate increasingly stifled. Moreover, nearly 400,000 people are either unemployed or on half pay. Over the past five months, GDP has fallen 20 per cent.

The dismal state of the economy was of little worry to most people in Ban Jelacic square, whose name the CDU changed from Republic square to honour one of Croatia's heroes during the Austro-Hungarian Empire.

But one 70-year-old pensioner remarked quietly: "An independent Croatia is fine. But my wife and I are homeless and we need help from the government."

Berlin move may need tax increase

By David Marsh in Bonn

THE German government is preparing voters for possible higher taxes to help finance the planned shift of the country's political centre from Bonn to Berlin, in an exercise likely to bring fresh unpopularity for Chancellor Helmut Kohl.

As the Bundestag administration confirmed yesterday that parliament would move from the Rhine to the Spree in four years' time, Mr Theo Waigel, the finance minister, has said he cannot give firm assurances that there will not be future tax rises.

Government officials term as "nonsense" speculation about increased taxes to foot the DM30bn-DM80bn (£10.2bn-£27.2bn) estimated bill for building new facilities in Berlin and finding compensation for businesses, employees and property owners in Bonn. None the less, Mr Waigel's latest comments, amounting to a significant reversal of his refusal last weekend to countenance higher taxes, show the government is starting to face up to the prospect.

The government is also still wrestling with a political storm over large – and supposedly temporary – increases in income tax coming into effect next month.

Mr Waigel's admission follows repeated warnings from the Bundesbank – the strongest only a week ago – about the dangers of sharply rising budget deficits. A report from a Bundesbank committee looking into the affairs of former state-owned east German companies this week has concluded that the German public sector will have to take over DM300bn in extra debts to clean up financial problems east of the Elbe.

The additional debts, made up of a mixture of liabilities of the former East German state and of companies and property run by the Treuhand holding company, will fall due in the period up to 1993, according to the report.

● Sony, the Japanese home electronics group, has become the first foreign multinational to decide to move its European headquarters to Berlin, Reuter reports from Berlin.

Sony said it would sign a deal with the city today to build offices on the central Potsdamer Platz, divided until 1989 by the Berlin Wall.

Daimler-Benz, the German motor and aerospace conglomerate, has also bought a prime site on the square in a controversial low-priced deal under investigation by the European Commission.

EC groups urge tax to help E Europe

SIX EC research institutes called yesterday on the Community to pay up to $10bn a year in a solidarity tax to help east Europe catch up with the west, Reuter reports from Brussels.

The foreign policy study groups, calling for sacrifices from EC citizens to ensure Europe's future stability, said the Community must also open its markets to east European goods, notably in sectors where EC industry was vulnerable.

"The EC cannot remain a prosperous club of democratic nations if the other Europe at its border collapses because of economic deterioration and the rise of nationalism," a spokesman for the French Institute of International Relations told a news conference to release the joint report.

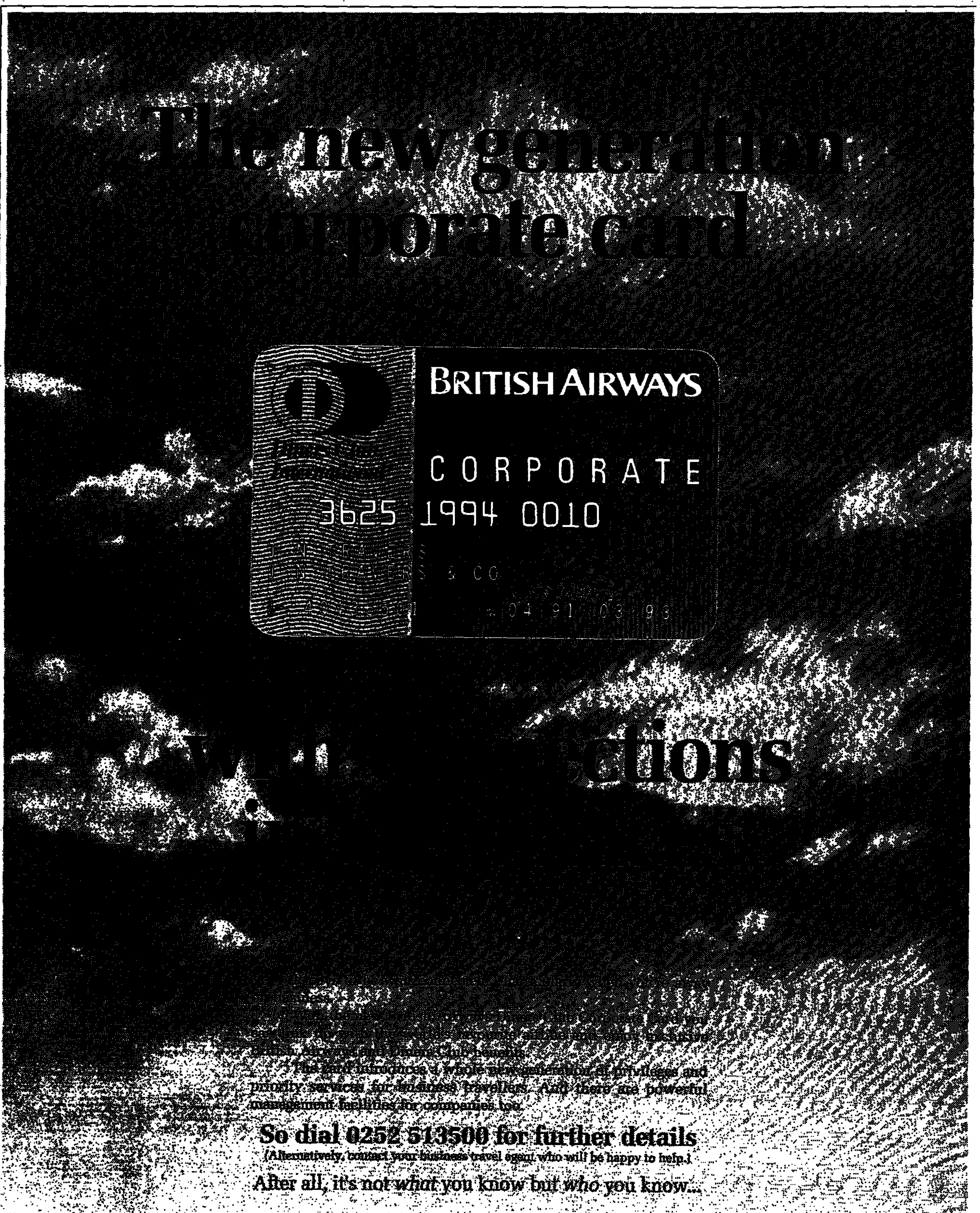
The 36-page study described as "totally inadequate" EC offers of trading opportunities to the three most advanced east European countries – Hungary, Poland and Czechoslovakia – which are negotiating association agreements with the Community.

The institutes – two from Germany and others from France, Britain, Italy and the Netherlands – said the EC should set 2002 as a target date for these three countries to apply for full Community membership.

In the meantime, they must be given greatly improved access to EC markets, notably in agricultural products, textiles, steel and coal where they are most competitive and where EC industrial lobbies are most active in seeking to limit such change.

The solidarity tax, to come out of the EC budget, might reach 0.2 per cent of EC gross national product, or $10bn a year, to be used as grants and soft loans.

The institutes said the tax would meet about half east Europe's need for funds for macro-economic stabilisation and project aid.



Japan's institutions urge tougher securities rules

By **Robert Thomson** in Tokyo

LEADERS of Japanese economic institutions yesterday called for tighter controls on securities dealings and tougher penalties for breaches of regulations, as part of suggested reforms designed to restore public confidence in securities markets.

But it was back to business as usual yesterday on the Tokyo stock market, where the Nikkei average rose 141.96 to close at 23,907.42, in spite of fears that Monday's resignations of the president at two leading brokerages, Nomura Securities and Nikko Securities, would lead to a further sharp fall in the market.

The Finance Ministry came under attack for alleged lax control over the securities industry, and Mr Ryutaro Hashimoto, the finance minister, again expressed his "deep regret" over the impact of news of leading securities companies' links to gangster groups and their compensation of favoured corporate clients *for trading* losses.

However, Mr Hashimoto gave no indication that he, too, would resign to take responsibility for the scandals, and it seems that his apparently bright political future will not be harmed by the events of recent days.

Mr Hashimoto did say that the controversy could delay the planned release this year of government-held shares in Japanese railway companies as investor confidence in the market has been undermined.

Calls for reform of the securities industry came from Japanese economic organisations and media commentators, some of whom suggested that an independent financial *authority be established to* oversee the securities houses. The finance ministry has been criticised for allowing its close links to securities companies to compromise its policing of the industry.

The Japan Securities Dealers' Association said it would support a ban on discretionary accounts, which allow a company to entrust funds to a stockbroker for investment and which have been at the centre of the compensation scandal. Some companies which entrusted funds to brokerages demanded compensation for losses after the stock market collapse last year.

Mieno: fair competition necessary in financial sector

Meanwhile, Mr Yasushi Mieno, governor of the Bank of Japan, said that securities companies had to understand that fair competition was a necessary part of all successful financial systems. He said that the Japanese system would have problems until individual investors are confident that the system was fair.

Mr Gaishi Hiraiwa, chairman of the Keidanren, the federation of economic organisations, said companies must "abide by strict ethics" and the securities industry "has to acknowledge its lack of morality".

Scandals impose pressure on Tokyo

The public interest may become a factor, writes **Emiko Terazono**

JAPAN'S Finance Ministry yesterday received the last of a series of reports on the reform of the securities industry, a day after the industry was shaken by the resignation of the presidents of two leading stockbrokers.

The scandals in Tokyo have made the question of reform even more difficult for the ministry. It has been strongly criticised for allowing an environment in which brokerages were *able to link* with gangster groups and in which compensation for losses was paid to favoured clients.

Japanese banks and brokers believe the reforms, which includes the entry of banks into the equities business, will bring the biggest changes to Japanese finance since the war.

Ministry officials are examining the final reports from *advisory councils representing* both the banking and securities industries, which are bitterly divided over the dismantling of Article 65 of the Securities and Exchange Act, Japan's version of the US Glass Steagall Act. The ministry is under pressure to put the legislation before the Japanese parliament later this year, and it is under extra pressure following the resignations this week of Mr Yoshihisa Tabuchi, president of Nomura Securities, and Mr Takuya Iwasaki, president of Nikko Securities. It hopes to start putting the reforms into place by 1993.

Foreign banks are already permitted to engage in securities business in Japan through their subsidiaries. They won special favours following political pressure from the US and Europe for the opening up of Japan's financial markets. Similarly, some foreign securities companies have banking-style privileges such as the right to carry out foreign exchange transactions.

But the changes have been slower in coming for the domestic industry. Squabbles are likely to continue between banks and securities over each other's turf.

The Japanese financial system since the war has been divided up into segments, and each industry has been heavily regulated. Securities companies and banks are segregated under Article 65, and the banking industry itself is divided into city banks, long-term credit banks and trust banks.

But the worldwide trend towards securitisation and US pressure for financial deregula*tion have prompted Japanese* banks to push for a foothold into the securities business.

Securities houses, with little to gain from the reforms, have been resisting the banks' advance.

"Japan's capital and stock markets are one of the most stable and efficient markets in the world," says an official at Nikko Securities. "We, the securities companies are the ones who built up the current system and are proud of it," adds another brokerage official.

The most likely scenario is a compromise under which banks and securities companies allow entry into each other's territory through subsidiaries. The banks are hoping for immediate access to underwriting through subsidiaries, and an eventual entrance into broking, the most lucrative business of the securities houses. But the brokerages want the banks permanently excluded from broking.

Brokerages fear that banks, with vast branch networks, will threaten the small and medium sized securities houses which rely heavily on broking revenues.

The securities side has *grudgingly* agreed *to admit* banks' subsidiaries into the primary markets, recommending entry into lead managing publicly-placed bonds and equity linked instruments, and issuing privately placed bonds. But the banks say that underwriting without broking is meaningless.

The securities and banking industries also differ *on "firewalls" – barriers* designed to keep separate different operations within a group which might otherwise lead to conflicts of interest or insider trading – between the parent and subsidiary. The brokerages want strict firewalls between the banks and their securities subsidiaries, and want legal measures which prevent banks' subsidiaries from underwriting securities for companies with close ties with the parent bank.

On the other hand, banks recommend that firewalls within the same institution should be kept at a minimum to maintain maximum efficiency.

The banking industry is also divided along lines of long-term credit banks, city banks and trust banks. The Financial System Research Council, which represents the banking interests, argues that long-term credit banks and trust banks, with fewer branches than city banks, should be given priority in entering the securities business. City banks are angered by the proposals. "The argument is the other way around," says Sanwa Bank.

Mr Robert Zielinski, an analyst *at Jardine Fleming* Securities, says the ministry's deregulation of the financial system is unlikely to enhance competition. For example, he said, Mitsubishi Heavy Industries would deposit, borrow, and raise capital through Mitsubishi Bank, a member of its corporate family, or *keiretsu*.

Each of the Big Four brokerages have complex networks of affiliates, and the entry into *the securities industry* of the even more complex corporate clusters of the banking groups raises questions about the future transparency of the system.

Banks are trying to create their version of *keiretsu*, and are seen to tighten their grip on securities houses in which they already have connections. Already 13 second tier securities companies are under the wings of leading banks.

The ministry has indicated that the changes will be gradual in order to "avoid confusion". While that "confusion" in the past has come from an imbalance in industry interests, the corruption in the securities industry may introduce another factor unusual in Japan – the public interest.

Australia's Labor right reasserts itself

By **Kevin Brown** in Hobart

THE LEFT WING of Australia's governing Labor party *yesterday failed to* persuade the party's biannual conference to support increased government spending to create jobs.

In a day of defeats, the left *also failed to prevent the* election of a right-winger to the party presidency, in spite of gaining enough support earlier in the week to force a second ballot.

The left's failure to consolidate its early conference gains followed intense pressure on centre-left and independent delegates from the right, which has dominated the government since Labor won office in 1983.

The right's success indicates that the influence of the left remains muted in spite of its support for Mr Bob Hawke, the prime minister, against a leadership challenge earlier this month from Mr Paul Keating, the former federal treasurer.

In the reshuffle which followed the challenge, Mr Hawke appointed Mr Brian Howe, a left-winger, as his deputy prime minister. However, the appointment was balanced by the promotion of Mr John Kerin, the right-wing former primary industries minister, to the Treasury.

The key test of the left's strength came on an amendment during a debate on the economy, which sought to make job creation a higher priority than fighting inflation.

The amendment was *defeated* by 52 *votes to* 45 *after* Mr Kerin warned that the government's hopes of economic recovery would be damaged by the "dramatic gestures" sought by the left.

In a number of interventions aimed partly at reassuring the financial markets, Mr Kerin repeatedly stressed the government's determination to stand by Mr Keating's strategy of fiscal conservatism and tight monetary policy.

The left withdrew demands for an urgent boost to infrastructure spending after it became clear the resolution would be defeated. It was replaced by a watered-down call *for projects "compatible* with policies to reduce inflation and the current account deficit".

In the debate on the party presidency, the left argued for a recount of a ballot held on *Monday*, when Mr Barry Jones, the non-aligned former science minister who stood with left-wing support, tied with Senator Stephen Loosley, the right-wing candidate.

Both candidates won 50 votes, but the left claimed Mr Jones would have won if an invalid vote marked with a cross instead of the figure one had been accepted.

After a protracted public row between the factions, the left's attempt to force a recount was defeated by 55 votes to 46, indicating that Senator Loosley would win a second ballot. He was declared elected, to a chorus of *left-wing boos*.

Delegates also approved a resolution "to begin community debate to enable Australia to become a republic on January 1, 2001". The date marks the centenary of the Australian commonwealth. It has been Labor policy since 1981 that Australia should become a republic, but it had not previously set a date.

Japanese visit marks China investment boost

By **Robert Thomson** in Tokyo

QIAN QICHEN, *China's foreign* minister, arrived in Tokyo yesterday for a visit that coincides with a resurgence of Japanese investment interest in China and the lifting of the only remaining sanction imposed on Beijing after the crushing of the pro-democracy movement two years ago.

During his four days in Japan, Qian will invite Mr Toshiki Kaifu, Japan's prime minister, to visit Beijing in August, a visit sought by the Chinese leadership as evidence for its own people that the government has regained its international status. Mr Kaifu is expected to accept the offer and will become the first head of an important industrial country to visit Beijing since June 1989.

Qian's talks will include discussion of North Korea, which has recently begun negotia*tions with Japan, and the situ*ation in Cambodia, in which China has long had an active interest. Japan has more recently become interested in acting as a mediator among the four warring factions in Cambodia.

Qian's visit coincides with the expected approval this week by Japan's Finance Ministry of a Chinese bond issue in Tokyo for the first time since June 1989. Bank of China has already received informal approval for the Y20bn (£88m) issue, which is likely to herald the return of other Chinese financial institutions to the Tokyo market.

Bilateral trade has surged this year, with Japan's exports to China in the first five months up 36 per cent to \$2.98bn (£1.82bn) and imports from China 26 per cent higher at \$5.47bn.

India may ease investment laws

By **David Housego** in New Delhi

DR Manmohan Singh, India's finance minister, hinted strongly yesterday that the new government would liberalise India's restrictive foreign investment laws.

At his first press conference in New Delhi since taking office, he said that India would have to open itself up to investment by multinationals – and the technology this could bring – or else it would be marginalised.

In what he clearly sees as the first step in a campaign to change Indian attitudes, he spoke critically of India's long-standing phobia of foreign investment as something "dangerous and immoral".

He said that both the Soviet Union and China welcomed *foreign investment and* were anxious for loans from the International Monetary Fund. "We in this country have to wake up to the harsh realities of this new world," he declared.

Dr Singh declined to be drawn on the details of any revision of the foreign investment laws, which normally limit a foreign company's holding in an Indian joint venture to 40 per cent.

He signalled to India's foreign creditors that the government would adopt a medium-term programme aimed at reducing the fiscal and balance of payments deficit and bringing inflation down to 3 to 4 per cent. He declined to confirm that the government would stand by its predecessor's pledge to the IMF to reduce the budget deficit from 9 per cent of gross domestic product last year to 6.5 per cent this year.

In contrast to his warm wel*come to foreign investment*, the finance minister was more hesitant about privatisation, which forms part of the Congress party manifesto. He said he preferred public sector units if they worked well. "But if the public sector cannot deliver, we must look at other options," he declared. He said he had no "ideological hang-ups" about privatisation.

Dr Singh was scathing about another promise in the Congress party manifesto to "roll back" prices – including petroleum product and kerosene prices – within 100 days of taking office. He said in a phrase that could cause him political difficulties that the Congress in opposition had probably been unaware of the harsh realities.

The minister left no doubt that he believed "an honourable agreement" was possible with the IMF on the emergency \$2bn (£1.2bn) stand-by credit India is seeking. He said the *IMF would impose conditions*. But he added: "We can live with such conditions" as long as they were consistent with India's interests.

Moody's downgrades India, Page 31

Airlines bar Chinese 'fire-risk' watches

By **Paul Betts**, Aerospace Correspondent

SEVERAL leading airlines, including Cathay Pacific, British Airways and Lufthansa, are refusing to transport large consignments of cheap Chinese plastic wrist-watches powered by lithium batteries because of possible fire risks.

The International Air Transport Association (Iata) is also expected to investigate the potential safety hazards for airlines carrying large cargoes of Chinese- or Hong Kong-assembled lithium-powered plastic watches.

Iata's dangerous goods committee studied the problem last year but issued no specific directives to airlines.

*However, the airline indus*try has become increasingly concerned about the potential fire risks of these watches, which appear to have been a common factor in several recent fires on board airliners.

A consignment of these watches is understood to have been carried by the Lauda Air Boeing 767 which crashed in Thailand last month killing all 223 people on board. The cause of the Lauda crash has still not been established.

A small fire in the hold of a Cathay Pacific Lockheed Tristar in Manila last year is also believed to have been started in a consignment of lithium-powered plastic watches.

Cathay Pacific said it had introduced new controls on the transport of lithium-powered wrist-watches manufactured in China as a precautionary measure.

The airline has banned cargo consignments of such watches assembled in China and in Hong Kong, although it has not banned passengers from wearing these watches on board.

UK sets up aid for 'good government'

By **Edward Mortimer**

BRITAIN IS earmarking £50m of its bilateral aid programme in the coming year to promote "good government" in developing countries, Mrs Linda Chalker, minister for overseas development, announced yesterday.

Mrs Chalker, speaking to a joint meeting of the Royal Institute of International Affairs and the Overseas Development Institute, said the money would cover "first, government-to-government assis*tance to the legal sector, pris*ons, customs services, public administration, public expenditure management, accounting and auditing; and second, the processes and institutions needed for democratic and pluralistic structures, a free press and human rights".

This would be additional to Britain's share of "good government activities" by multilateral bodies, and would not include balance of payments support such as the special programme of assistance for sub-Saharan Africa, the minister said. She added that Britain would carry on with efforts to incorporate "good government criteria" into planning systems for project management.

Ms Ann Clwyd, Labour's spokeswoman on overseas development, expressed "delight that Mrs Chalker is stealing Labour's clothes", but questioned her willingness to follow through these commitments. "Mrs Chalker has just been to Kenya, but we haven't heard a squeak out of her about human rights in Kenya," Ms Clwyd said.

Iranian minister in UK talks

Mr Ali Akbar Velayati, the Iranian foreign minister, met Mr Douglas Hogg, the British foreign office minister, on a stopover in London yesterday to discuss securing the release of hostages in the Middle East, Reuter reports. The hour-long talks at Heathrow airport also covered Iraq, including its Kurdish and Shia populations.

Kuwait announces lifting of martial law

By **Our Middle East Staff**

KUWAIT HAS announced that martial law, imposed at the end of the Gulf war, will be scrapped today. The decision comes in the wake of mounting western criticism of human rights abuses and the summary trials of non-Kuwaitis accused of having collaborated with Iraqi forces.

Kuwait's official news agency quoted Mr Ghazi Obeid al-Sammar, the minister of justice, as telling a Kuwaiti newspaper published in London that outstanding trials of alleged collaborators would be transferred to civilian courts.

"The period of martial law in Kuwait will end tomorrow and will not be extended for another period," Mr Sammar was quoted as saying.

His statement came a day after Kuwaiti authorities said young people were still causing carnage in the streets with guns left over from the war.

Justice Ministry officials said they could not confirm that the clampdown would end until there was an official statement from Crown Prince Sheikh Saad al-Abdulla al-Sabah, the martial law administrator. But diplomats and opposition leaders said they saw no reason to doubt it.

Martial law provisions gave Kuwait's army sweeping powers of search and arrest. Twenty-nine people have been sentenced to death since trials of more than 200 alleged Iraqi collaborators began last month. No executions have been carried out.

The government is also arresting and deporting thousands of Palestinians because of the Palestine Liberation Organisation's support for Baghdad before Iraqi forces were *driven out of the emirate* in February.

Opposition leaders said many of the special measures introduced under martial law were also written into the civil code and the lifting of the restrictions was unlikely to make much difference to ordinary citizens.

Human rights groups and some western governments voiced alarm over the conduct of the trials at which scores of people, mainly Palestinians and Iraqis have been jailed for up to 25 years. "As far as the press is concerned, censorship still applies," said Mr Abdulla Nibari of the Kuwait Demo*cratic Forum, a coalition of* opposition groups. "Political activity, the distribution of leaflets and so on is still difficult. The only difference is under martial law the penalties are more severe."

Israel plans for austerity if US holds back credit

By **Hugh Carnegy** in Jerusalem

MR Yitzhak Moda'i, Israel's finance minister, said yesterday the country would have to resort to painful measures if the external aid it *is seeking* for Soviet Jewish immigration, chiefly from the US, was not forthcoming.

Referring to recent signs from Washington that the Bush administration will not support extra *aid requests* unless Israel softens its hard-line position on the occupied territories, Mr Moda'i said the US had a moral obligation to assist the Soviet immigration, but added: "We can't talk them *into doing it*."

He repeated his government's refusal to accept any linkage of political issues to its request for US loan guarantees worth \$10bn (£6bn) over the next five years.

He said he had "a painful plan" involving severe cuts in Israeli living standards in reserve should the US supply much less than Israel was seeking.

Earlier, addressing the annual assembly of the Jewish *Agency, the chief immigration* fund-raising body, Mr Moda'i said the expected arrival of 1m Soviet Jews by 1995 entailed creating 500,000 new jobs – equivalent to about a third of the number at present employed *in* the economy where there is already unemployment of around 10 per cent.

US falls into line on Kurdish policy

By **Lionel Barber** in Washington

UNDER pressure from its European allies, the US is edging toward agreement on creating a small rapid deployment force to protect Kurds in northern Iraq.

The force is likely to contain allied fighter and reconnaissance planes, and may include sea-based units which could be mobilised swiftly if the Iraqi army begins reprisals against the Kurds.

Turkey, which shares a southern border with Iraq and is a member of the Nato alliance, is the obvious base for warplanes and, if necessary, ground troops. But the Ankara government is waiting for a final plan to emerge before it signals approval, a US official said.

If Turkey withholds approval, US officials are examining the possibility of pulling 5,000 or so troops out of Germany in the event of trouble.

Dispatching Nato forces into Iraq from either Turkey or Germany would raise questions about the Nato alliance acting "out of area", or outside the European theatre defined under its charter.

But a US official explained that the allies are seeking ways around this obstacle, just as they did during the Gulf war. "We would make clear that this is not a Nato commitment, but a temporary commitment by the countries involved."

Washington's support for a rapid redeployment force follows British and French pressure to delay the timetable for the withdrawal of US forces from Iraq. The US military high command had originally scheduled the pull-out to take place by the end of this month.

The Bush administration now agrees in principle with its European allies that some forces should remain in the region, combined with a stiff, unambiguous warning to President Saddam Hussein that the allies will respond to military attacks against the Kurds.

The adminstration hopes that some 500 United Nations "guards" will be in place in northern Iraq by the middle of next month to bolster the security of the Kurds. However, this quasi-police force is lightly armed and may be ill-equipped to prevent lightning raids by Iraqi troops.

Just as the US has responded to European pressure not to abandon the Kurds, so too has Washington shifted its stance on Iraqi war reparations. Having demanded that Iraq pay 50 per cent of its oil revenues toward reparations, the US has now agreed that the figure should be 30 per cent.

US officials predict that the administration will shortly drop its opposition to an Iraqi request to sell \$940m (£576m) of oil on the world market to help raise money for humanitarian needs at home.

Like other allied countries, the US, acting through the UN, has demanded that Baghdad *reveal how much money is* held in the Iraqi central bank, both at home and in foreign bank accounts.

Iraq has so far given two unsatisfactory responses, a US official said.

Now, however, the US is ready to approve the oil sale because it wants to take the newly-agreed 30 per cent cut on the proceeds.

Some of the money will be used to finance UN refugee programmes in Iraq and other needs in the wake of the Gulf war.

UK TAKES TOUGH STANCE

BRITISH troops would not withdraw from northern Iraq before strict conditions were met to guarantee the safety of the Kurds, Mr John Major, the UK prime minister, confirmed in the House of Commons yesterday, Emma Tucker writes.

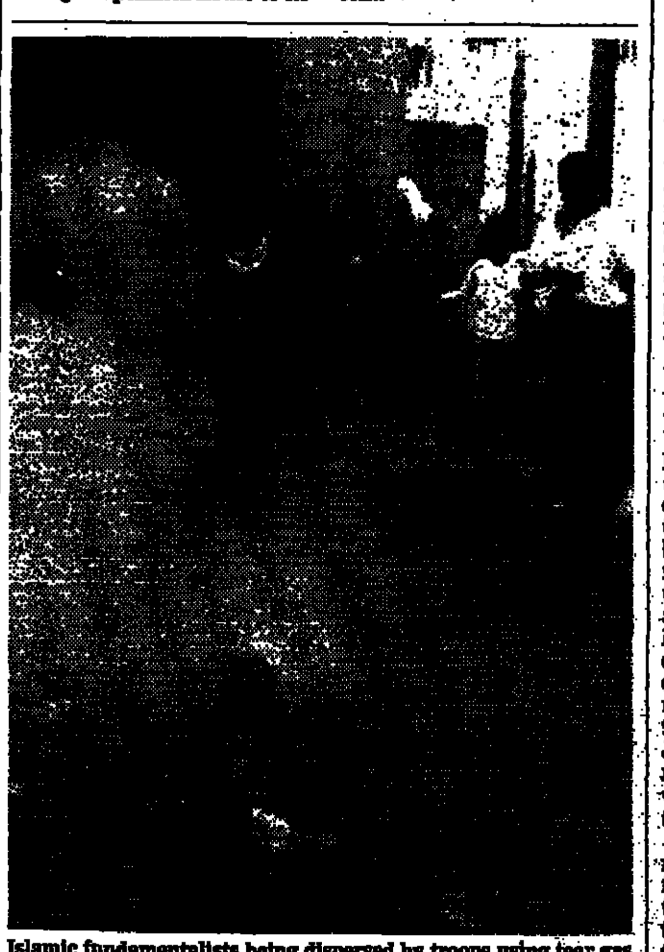
"It was never our intention to keep a permanent troop presence on the ground, but before we or the other allies withdraw we will need to have several things in place," said Mr Major.

The conditions, designed to prevent a recurrence of the persecutions to which the Kurds have been subjected by the Iraqis in the past, were listed by Mr Major as:

- An effective UN force on the ground.
- Clear warnings to Iraq that any renewed repression would meet with "the severest response".
- A continuing deterrent military presence in the region to back up the warnings.
- The maintenance of sanctions against Iraq.

Later the Foreign Office said British deployment in northern Iraq was running down. The troops involved in bringing the Kurds down from the *mountains had completed* their work and some had already left the region.

The governments of Britain, the US, France and other western countries involved in the Kurdish safe haven operation are keen to withdraw their forces from Iraq as quickly as possible.



Islamic fundamentalists being dispersed by troops using tear gas in the Algiers suburb of Bab el-Oued. One person was shot dead and 12 people wounded in anti-government protests yesterday.

Cambodia parties make concessions

Cambodia's radical Khmer Rouge and the Phnom Penh government each made concessions yesterday in peace talks to try to end 12 years of civil war, Reuter reports from Pattaya, Thailand.

The Khmer Rouge decided tentatively to allow the Supreme National Council (SNC), which *is supposed to* represent Cambodian sovereignty under a United Nations peace plan, to establish its headquarters in Phnom Penh, said a senior aide to Khmer Rouge leader Khieu Samphan.

HK airport faces delay

Plans to build a new international airport for Hong Kong, one of the largest infrastructure projects in the world, will be delayed unless an agreement is reached with China in the very near future to go ahead with the scheme, Sir David Wilson, governor of the colony, said in London yesterday, Robert Mauthner, Diplomatic Editor, reports. After a 90-minute meeting with Mr John Major, the British prime minister, Sir David *said* there was no question of abandoning the HK\$100bn (£7.8bn) project.

"But if we don't reach agreement (with China) in the near future, there are certain things that we would have been doing that as a result... would have to slip. It's a question of slippage and not a question of cancellation of the project."

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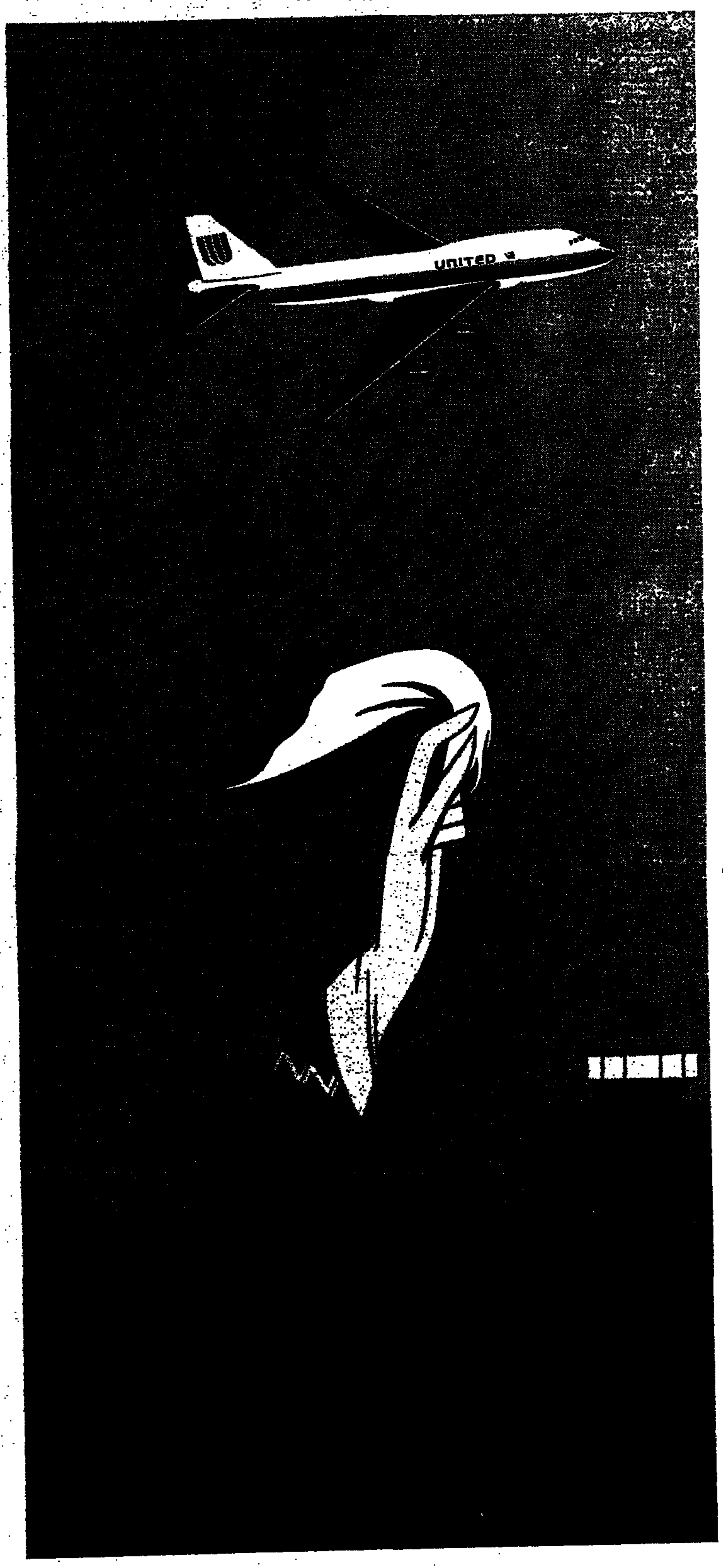

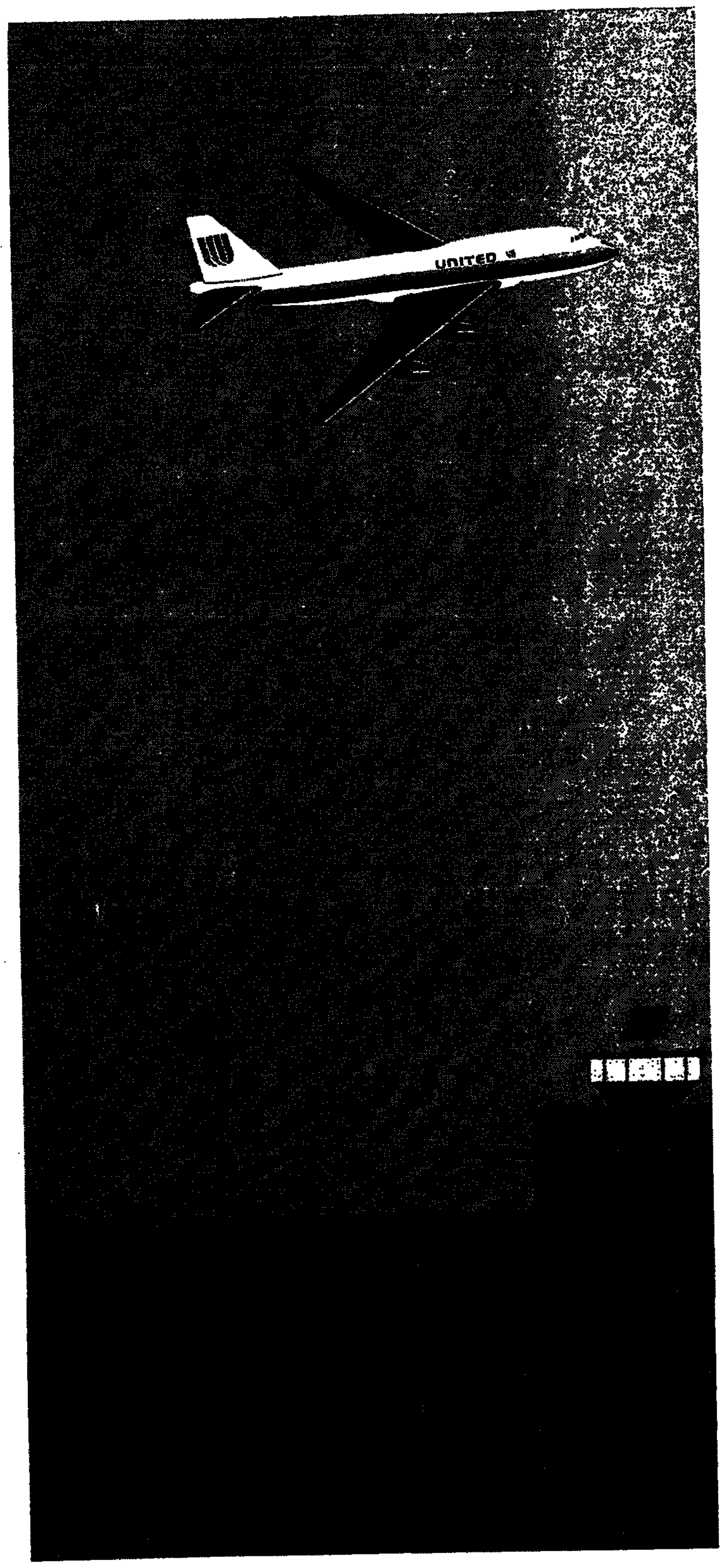

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AMERICAN NEWS

G7 power put in doubt by $ rise

Michael Prowse reports a ministerial warning proved a damp squib

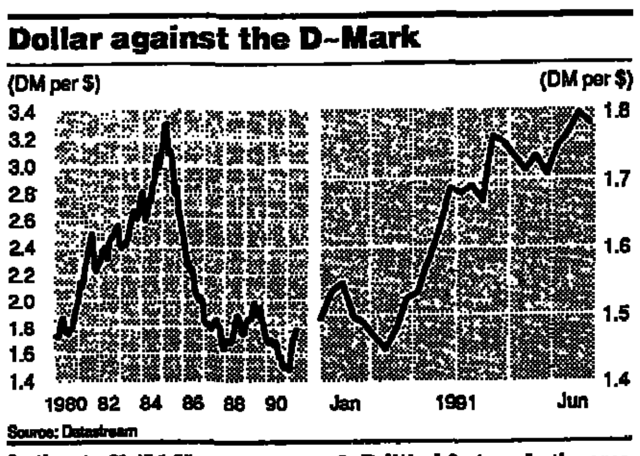
THE dollar has risen by nearly a quarter against the D-Mark since early February, raising doubts again about the ability of the world's finance ministers to deliver stability in international currency markets.

The rapidity of the dollar's rise has prompted speculation about official action to "cap" it. But last weekend's Group of Seven meeting in London proved a damp squib. Ministers from the seven leading industrial countries chose to send only a muted warning to currency markets by reiterating "their commitment to co-operate closely, taking account of the need for orderly markets, if necessary through appropriately concerted action in exchange markets".

The dollar, now trading at about DM1.80, is at its highest level against most European currencies for about 18 months. The rise against a basket of foreign currencies, while less startling because of the yen's relative strength, is still enough to wipe out last year's gains in competitiveness.

In the absence of strong countervailing measures, many analysts believe the dollar's rally is still in its early stages. Mr Stephen Axilrod, vice-chairman of Nikko Securities in New York, predicts a sustained rise of the dollar over the next two to three years.

Goldman Sachs, the Wall Street investment bank, is equally bullish, arguing recently that the US currency is merely "limbering up for Round Two of its bull run". It predicts that the dollar will reach DM1.90-2.0 by the end of the year. Sterling, which was worth about $2.0 only a few months ago, is expected to sink further to $1.45-1.55.



Source: Datastream

The case for dollar strength rests on several planks:

● Cyclical economic factors: Analysts see recent indicators, including yesterday's increase in durable goods orders, as convincing evidence that a US economic recovery is under way, although its likely strength remains hotly disputed.

The Federal Reserve is thus most unlikely to cut interest rates further and could tighten policy before the end of the year. In other main economies, short-term difficulties may prevent early interest rate cuts, but a gradual easing of policy in the longer term seems inevitable.

● Improving US economic fundamentals: The US is seen as having made substantial progress in reducing the imbalances of the 1980s. The structural budget deficit is well under 3 per cent of Gross National Product and set to fall further. The trade deficit, which could be as low as about $70bn this year, has halved since 1987.

● Political factors: In the eyes of many traders and investors, the successful prosecution of the Gulf war has underlined the US's role as the world's single superpower. At the same time, the risk of economic and political chaos in the Soviet Union and the fragility of democracy in eastern Europe, raise doubts about Europe as a haven for footloose funds. The enormity of the task of rebuilding the eastern Länder has also undermined faith in the German economic machine, and hence the D-Mark.

The dollar's rise is not yet provoking vociferous complaints from US exporters. But manufacturers worry that a further appreciation would be harmful. Mr Stephen Cooney, director of international investment at the National Association of Manufacturers in Washington, warns of "real problems if the dollar's strength persists".

Mr John Williamson, a senior fellow at the Institute for International Economics and a long-time advocate of "target zones" for the world's major currencies, says the dollar has "already risen too much". In recent congressional testimony, Mr Fred Bergsten, a colleague at the institute, vigorously attacked the Bush administration's failure to combat the rise in the dollar since February.

He argues that the recession would have been twice as deep but for the buoyancy of exports, and claims that each 10 per cent rise in the dollar will cause a $60bn-$70bn deterioration in the US current account. Undue strength of the dollar would thus wipe out progress in reducing trade imbalances while threatening the US economic recovery.

If the dollar surge continues, and is judged unhealthy, the world's finance ministers have only two choices: concerted intervention in exchange markets or co-ordinated interest rate adjustments.

Academic research suggests that intervention can be surprisingly effective, provided it is made public. One recent study indicates that as little as $100m of official intervention can move exchange rates by about 2.5 per cent, provided traders know what is happening. Intervention in secret has negligible effects.

But even public intervention is an unreliable tool unless backed by monetary policy. The evidence of recent international meetings is that most countries are determined to put their domestic interests first. The best bet, therefore, is that official interventions will do no more than throw grit in the wheels of dollar appreciation. It will be a good summer for American tourists in Europe, if not for US manufacturers.

World Bank in fresh move to resolve IFC row

WORLD BANK executive directors are to make fresh attempts to resolve a row with the US Treasury over the bank's role in lending for private-sector development, Nancy Dunne writes from Washington.

The row has delayed a proposed $1bn capital increase for the International Finance Corporation, the World Bank's private enterprise arm. The US has sought to force a shift in the Bank's practice of lending to developing-country governments for important projects and public-sector reforms towards lending direct to the private sector, linking its demand to the IFC capital rise.

A World Bank director's meeting last week ended in disarray when a proposed compromise on the issue was rejected. A World Bank official said no meeting had been scheduled to resolve the impasse. But Mr Kirby Jones, IFC chief of corporate communications, said directors might meet today or tomorrow on a compromise which would endorse World Bank lending "in support of" rather than directly to the private sector.

Any compromise is likely to mean closer co-ordination between the IFC and World Bank. Under its charter, World Bank loans must be guaranteed by member governments, most of which would be unlikely to guarantee loans to private enterprises. To alter that would need a change in the bank's charter, which Mr David Mulford, US Treasury under-secretary, is not seeking.

World Bank officials have offered to strengthen the Bank's existing Private Sector Action Programme, which promotes financial sector and regulatory reforms, but the Treasury has been holding out for more.

● Mr Mulford yesterday urged Congress to back a proposed $65bn capital increase for the IMF, needed because the fund's "resource base is being depleted," he told a Senate subcommittee. The IMF was expected to lend nearly $16bn in 1991 and $10bn in 1992. Repayments in those years would be about $20bn.

Cubans on trial over Castro murder plot

TWO Cubans went on trial yesterday charged with plotting to assassinate President Fidel Castro by blowing him up with dynamite, Reuter reports from Havana.

Dr Julio Bientz Saab, 42, and Dr Julian Arana Rosainz, 35, were also accused along with two other doctors of a lesser charge of "enemy propaganda".

In preliminary findings read to the Havana provincial court, the state prosecutor accused Dr Bientz Saab, a neuro-surgeon at the institute of neurology and neurosurgery, in Havana, of being the mastermind behind a plot to kill the 64-year-old Cuban leader.

Describing the plot as an intended act of "terrorism", the prosecutor asked the court for 18 years imprisonment for Dr Bientz Saab and 10 years for Dr Arana, a neurologist. Both were arrested last October and have been in custody since then.

The other two defendants on the lesser charges of "enemy propaganda", Dr Armando Pintado and Dr Ilana Alfaro, faced suspended sentences of two years' imprisonment.

Dr Arana, who testified that he had never intended to go ahead with the assassination idea, told the court that Dr Bientz Saab had approached him in September 1990 with the idea of killing President Castro "to save the country".

Dr Bientz Saab had suggested blowing up the president with dynamite as he visited the neurology institute, he said.

According to the prosecution, the plotters also discussed how to obtain explosives and arms such as rifles equipped with telescopic sights.

Prosecution charges and Dr Arana's evidence indicated that Cuban intelligence services had intervened in the affair at an early stage.

Dr Arana, a member of the Cuban communist party had worked on a fellowship in Canada in 1987-1988.

He was asked by the court whether any individuals or groups hostile to Cuba's communist government had approached him during his stay there.

"Never," he replied.

Argentina keen to begin talks soon on bank debt

By John Barham in Buenos Aires

ARGENTINA hopes to begin negotiations soon with its foreign bank creditors over $8bn in debt arrears, government officials confirmed yesterday.

Mr Carlos Sánchez, economy under-secretary, said in New York on Monday that negotiations could begin in August or September.

The talks would follow the International Monetary Fund's agreement to a $1bn-$1.2bn standby loan, Mr Sánchez said. Officials hope the loan, Argentina's fifth since 1983, will be approved before the IMF summer recess begins next month.

With support from American diplomats, Argentina has apparently won the support of the IMF's board for President Carlos Menem's economic programme. Talks are concentrating on targets for tax revenues, privatisation receipts and the budget surplus.

Argentine officials are reported to have agreed to an IMF annual budget surplus target of $4.2bn. The surplus would be used to make service payments on the $61.3bn external debt and pay $800m to domestic creditors.

However, creditor banks are puzzled by Argentina's haste to begin negotiations, which were not expected before October.


Menem: support for economic programme

A debt specialist at a leading European bank said: "The banks are not pressuring Argentina for talks. We agree that they are going in the right direction domestically, with privatisations and adjustment. But we know that they don't have the money, even if they are very creative".

Argentina pays commercial banks a token $60m a month interest on its $35bn bank debt. Banks had not expected substantive talks with Argentina until the autumn, after important congressional and gubernatorial elections in September and October.

"Maybe they want a meeting to fulfil an unwritten promise to the Fund to hold talks with the banks, or to present some imaginative initiative we hadn't expected," the banker said. Another banker believes officials will want to explain future economic policy to the banks.

Sandinistas and Contras 'to work for stability'

A YEAR after ending their eight-year war, Nicaragua's Sandinistas and Contra rebels agreed yesterday to work together to bring stability to the country, Reuter reports from Managua.

Mr Daniel Ortega, the Sandinista leader and former president, met former rebel leaders for four hours in the first meeting between the two sides since the Sandinistas left power in April 1990.

"We've agreed to work village by village, town by town, province by province, to bring security to Nicaragua's peasants," Mr Ortega said after the meeting, also attended by government and Organisation of American States officials.

Sandinista and Contra leaders were expected to release a formal statement, focusing on disarming civilians and resolving land disputes, Mr Ortega added.

At the meeting, former Contra leaders charged that 60 former rebels had been killed by Sandinistas in the past six months, a Sandinista official said. The Sandinistas responded that 50 pro-Sandinista peasants had been killed by former Contras in the same period.

Envoy's offer to quit refused

COLOMBIA has reprimanded an ambassador who criticised the nation's drug policy, but the government has refused his resignation, AP reports from Bogota.

Mr Enrique Parejo, Colombian ambassador to Switzerland, resigned on Monday, saying his government's offer of reduced sentences to drug traffickers who surrender "sets a bad precedent and weakens justice".

In a letter to Mr Parejo, Mr Luis Jaramillo, foreign minister, said the envoy's remarks were "incompatible" with his diplomatic functions. But Mr Jaramillo rejected Mr Parejo's resignation.

WORLD TRADE NEWS

Dunkel tries to revive stalled Gatt talks

By Anthony McDermott

MR Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt), has proposed a series of technical options on agricultural reform aimed at breathing new life into stalled Gatt negotiations in the Uruguay Round.

Related documents detail problems still outstanding on market access through the reduction in import tariffs for such goods as textiles, and services.

In putting technical considerations ahead of politics, the proposals are an attempt to revive negotiations which stalled in Brussels last December over the inability of the US and EC to reach agreement over cuts in farm subsidies.

In the short term, Mrs Carla Hills, the US Trade Representative, has talked both in Paris and London of the need for "an action plan" to be completed by the end of July.

This remains a short term goal. But both Mr Felipe Jaramillo, chairman of the negotiations on services, and Mr Germain Denis, his counterpart on market access, in texts accompanying Mr Dunkel's proposals saw the July deadline as a first stage ahead of a target of the end of 1991 for concluding negotiations.

The content of Mr Dunkel's proposals, and the two letters underline the extent of problems which remain unresolved. Mr Denis lists seven alone in market access.

Mr Dunkel's document aims to present the technical aspects of what is possible in terms of negotiating concessions in agriculture over the support of domestic prices, import barriers to market access for farm products, export subsidies and competition.

The proposals concentrate on the definition of issues, emphasising the overall discipline, for example, of establishing criteria for farm products which can be subsidised without reference (the "Green Box"), but acknowledging need for flexibility in dealing with other products and markets.

A similar principle of flexibility and options is applied to "tariffication" - the conversion of import barriers into tariffs which could be reduced over a period of time.

As a priority, Mr Dunkel; said negotiators should agree on a definition of export subsidies and whether they should include subsidies paid to producers rather than exporters.

Other issues included how to differentiate between genuine food aid and commercial deals.

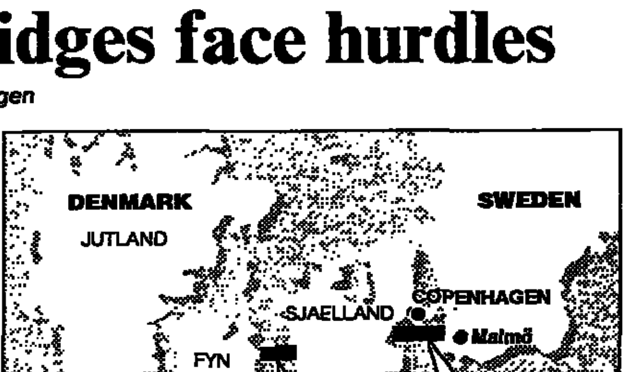
Danish bridges face hurdles

By Hilary Barnes in Copenhagen

DENMARK'S TWO major bridge construction projects – one linking Denmark and Sweden and the other linking east and west Denmark – are being threatened by Danish political vacillation in the first case and Finnish insistence on a treaty right to sail oil drilling platforms out of the Baltic in the second.

Finland objects to the construction of a suspension bridge across the Great Belt, which separates east and west Denmark, on the grounds that the 65 metre clearance planned by the Danes will prevent Finnish shipbuilders from moving oil drilling rigs through the straits.

No progress was made yesterday in resolving the dispute when Prime Minister Poul Schlüter and Finland's Prime Minister Mr Esko Aho met in Copenhagen for talks.



This means that a case which Finland has brought against Denmark in the International Court at The Hague will go ahead on July 1.

Sweden has approved the bridge between Malmö in Sweden and Copenhagen and so has its parliament. But claims by civil engineering consultants that a tunnel would be a better solution than a bridge appear to be causing an earlier Folketing majority in Denmark for the bridge to crumble.

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Relations with the Soviet Union come under increasing strain

Sharp fall in Finnish exports to Moscow

By John Lloyd in Moscow

THE traditionally close relationship between Finland and Moscow is now under increasing strain because of economic crisis and decentralisation in the Soviet Union, Mr Mauno Koivisto, the President of Finland, said yesterday.

After talks with Mr Mikhail Gorbachev, the Soviet leader, and Mr Boris Yeltsin, the Russian President-elect, Mr Koivisto said that exports to the Soviet Union, which had in the 1980s accounted for as much as 25 per cent of Finland's foreign exports, had sunk last year to 12 per cent and this year was likely to fall further to 5 per cent.

Finnish exporters, among the most active, are now pulling back as unpaid bills for their products mounts to around the markka 5bn (£716m) level.


Koivisto (left): unhappy over fall in trade holds talks with Yeltsin (centre) and Gorbachev

The Finnish president said exporters had expected that a shift from barter, or clearing trade, to hard currency prices would lead to a sharp fall. But it is also causing severe difficulties for the completion of long-term projects agreed some time ago.

"Our exporters will have to be more active than they have been up to now," the president said.

Mr Koivisto said he had proposed that a form of barter trade continue, with both Soviet and Finnish goods denominated in hard currency and exchanged on that basis.

The loss of power from the centre and the "federalisation" of the Soviet Union posed new problems for the centralised Finnish state, Mr Koivisto said.

In talks with Mr Yeltsin, the Finnish president took a cautiously welcoming line, but did not advocate starting direct trade between Russia and Finland. Nor did he issue an invitation to Mr Yeltsin to visit Helsinki.

"This is the kind of problem we have with countries which are federal or confederal, as the Soviet Union is now becoming. We have no corresponding institutions to the republics," he said.

Lisbon seeks bank aid over subsidies

By Patrick Blum in Lisbon

THE Portuguese government has asked the Banco de Fomento e Exterior (BFE), a state-owned bank, to raise about Esc5bn (£19.6m) to help to pay subsidies this year in support of a planned Esc400bn joint venture investment by Ford and Volkswagen in Portugal.

The two companies signed a draft agreement with the government earlier this month on establishing an assembly plant in Palmela, near Lisbon, to make a new multi-purpose family vehicle.

The project is backed by subsidies that could be worth up to Esc120bn, including more than Esc80bn in cash grants, 70 per cent of which would come from European Community funds. The remaining 30 per cent has to be provided by Portugal.

The government will pay back the loan from BFE out of funds from the 1992 budget.

The amount of subsidies allocated to the project has been controversial and last weekend Matra, the French space, telecommunications and transport group, which produces the Espace – a vehicle similar to the one planned – asked the Commission to investigate the legality of the proposed aid.

Czechs find life after Comecon

Their largest foreign trading company, created to serve the state, has found new markets, reports **Ariane Genillard**

MOTOKOV, Czechoslovakia's largest foreign trading company, is revamping its image. Created to serve the former communist state, the company is now sponsoring cultural events such as the rock concert this coming weekend to celebrate the recent withdrawal of the last Soviet soldiers from Czechoslovak territory.

It has also been forced to adjust smartly to the collapse of Comecon trade following the transfer to dollar trading after January 1 and the subsequent drying up of demand from the Soviet Union and other former Comecon countries.

Formed 30 years ago to handle foreign trade for the automotive and agricultural machinery industries, Motokov's future looked bleak as Comecon trade plummeted and trade liberalisation gave trading rights back to the enterprises.

As recently as 1989, 74 per cent of Motokov's turnover was with the former Comecon countries. But this dropped to 29 per cent over the first five months of 1991, reflecting a sharp change in direction towards markets in Europe and the middle east.

Fortunately the demise of the east German Trabant and the economic problems of Yugoslavia opened up a new market niche for Skoda's relatively modern and cheap Favorit hatchback. Motokov originally planned to export 70,000 out of Skoda's entire 200,000 car production. It now expects to fulfil its original sales plan by the end of June and export 150,000 Skoda cars by the end of the year. The bulk of sales are to Yugoslavia, where the Favorit has become the country's best selling model, and former east Germany. This is good news for Skoda whose domestic market has virtually collapsed because of the 15 per cent drop in domestic incomes over the first half.

Mr Dalibor Mosovsky, Motokov's managing director, believes that the company will continue to market Skoda cars despite the joint venture which will give Volkswagen of Germany a controlling 70 per cent stake in the Czech company. The terms of Motokov's future role in marketing the Volkswagen-Skoda cars of the future however are subject to negotiations under way.

Motokov has also secured new markets in Saudi Arabia and other Middle East markets for heavy duty Tatra trucks which were mostly supplied to the Soviet Union in the past. Exports in general have been boosted by the devaluation of the Czechoslovak crown.

The success of Motokov lies in foreign expertise and marketing abroad

Meanwhile Motokov has no desire to abandon the Soviet market. Like other east European companies, Motokov has been negotiating with its Soviet partners to resume some form of barter trading and reactivate the old clearing system to circumvent the shortages of hard currency.

Motokov's success in penetrating new markets lies mainly in two rare factors in Czechoslovakia: the foreign expertise of its management and the company's extensive marketing network abroad. Income rose by 24 per cent in the first quarter of 1991 reaching 11.3bn Czech crowns (£223m) compared with the same period last year.

Mr Mosovsky himself is typical of the new brand of managers who worked abroad under the old regime. He worked for Motokov in England and Ireland before returning to Czechoslovakia.

The company already has a network of 20 subsidiaries in 16 countries and Mr Mosovsky, who was elected chairman in February 1990, has shaken up the network and sought to end what he describes as bureaucratic inertia.

Motokov used to import mainly raw materials, which Czech enterprises can now do for themselves. What they lack is the kind of contacts which Motokov has built up over the years so the company is now switching its tack to concentrate on importing the sort of capital equipment which enterprises lack the resources to buy themselves.

New financing is also important to Motokov's strategy. Locally, it is trying to move away from working on commission, which was customary under the old regime. Abroad, it intends to set up a foreign financing base from which it will become active on international capital markets.

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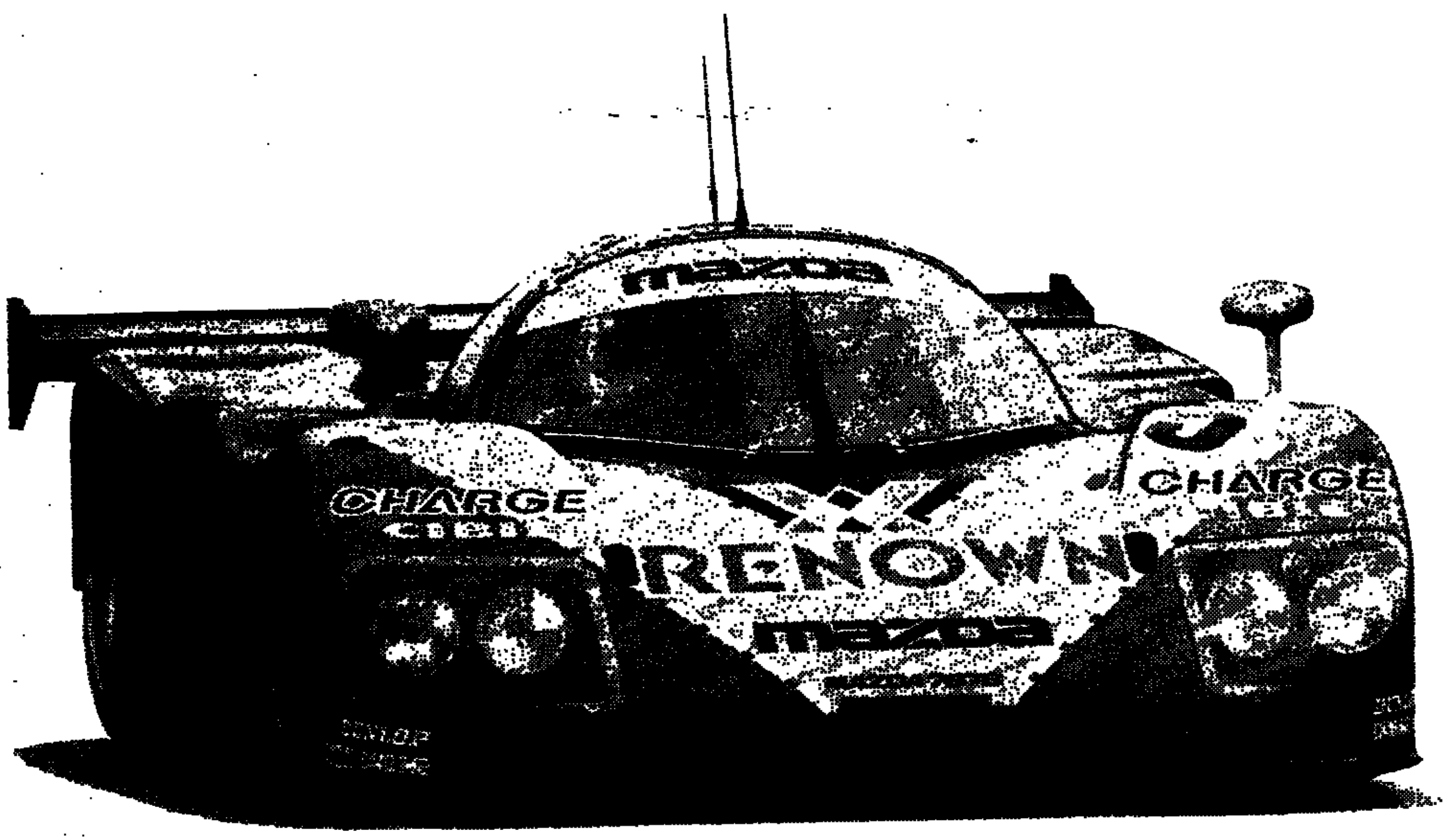

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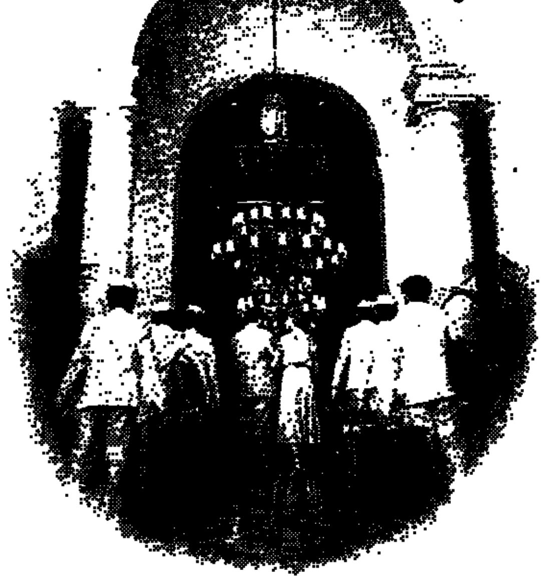

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AMERICAN NEWS

Brazil to allow debt-for-nature swaps soon

BRAZIL is to allow debt-for-nature swaps for the first time, Mr Pedro Malan, the country's new debt negotiator, said yesterday, Christina Lamb reports from Rio de Janeiro.

"We are currently drawing up the regulations and will start swaps as soon as practicable," said Mr Malan, stressing that President Fernando Collor had given his commitment to the policy. The move came in the wake of considerable demand, Mr Malan added.

Debt-for-nature swaps entail the purchase of developing-country debt at large discounts and swapping it into local currency to finance conservation projects.

Mr Carlos Garcia, the Administration Secretary, said $100m in swaps would be allowed this year. "We are starting in a very limited fashion, testing the ground to see if the effects are inflationary. Later we may raise this considerably."

Also yesterday, the government blocked the accounts of all state companies and regional governments which had not met Monday's deadline to deposit 25 per cent of their external debt arrears with the central bank.

Next week Brazil is due to make its first payment, of $900m, under an accord agreed in April on more than $8bn in interest arrears built up since a moratorium was declared two years ago. The accord was finally ratified by the Brazilian Senate last week.

Some bankers took the government's move to block the accounts as a sign that Brazil, the developing world's largest debtor, did not have the foreign exchange for the first repayment tranche.

However, Mr Malan denied this, insisting: "We are blocking accounts to make clear that this government expects all debtors to pay on time."

Mr Malan is leaving next week to visit Japan, Europe and the US, where he will present the debt strategy of the new economics team. He hoped formal talks on the stock of the country's commercial debt, around $55bn, would start soon after, perhaps in July.

Brazil is understood to aim for a 25-year stretch-out on principal and a big cut in interest payments for the first five years, to allow time to stabilise its inflation-ridden economy through radical fiscal reform. Since January, Brazil has been paying 30 per cent of current interest.

Brazilian airlines discover joys of competition

A fierce battle is under way for domination of the home skies, Christina Lamb writes

IN between soap operas and football matches, President Fernando Collor de Mello's crusade for a free market has brought something new to Brazilian television screens. These days it is impossible to tune in for an evening's viewing without confronting advertisements showing clusters of smiling people watching in awe as an aircraft soars aloft accompanied by heavenly music.

Brazilian airlines have discovered competition, and behind the adverts for the three main airlines, a fierce battle is under way for domination of Brazilian skies.

While Brazil's highly cartelised industry continues to resist the idea of price wars, it is the airlines which have finally taken up President Collor's clarion call for a "new Brazil" and are showing customers the first real example of the benefits of a free market after 30 years of protectionism and price controls.

For the first time the Brazilian consumer is being offered huge discounts on flights. Sandwiches thrown on to passengers' laps have been replaced with international cuisine and glossy in-flight magazines handed out by beaming stewards. The change, yet to be taken up by other industries, is nothing short of a revolution.

Much of it is the work of one man. Mr Carlos Garcia, President Collor's deregulation chief, is a former diplomat who, while other government members have been talking loudly and achieving little, has been quietly stripping away the thousands of regulations which created one of the world's most protected economies, both internally and externally.

At the last count Mr Garcia had removed 106,300 presidential decrees and many thousand more absurd regulations which meant, for example, that when Paul McCartney gave a concert at the Maracana Stadium, he had to get government permission to sing in English.

It is impossible to tune in of an evening without seeing clusters of smiling people watching as an aircraft soars into the sky accompanied by heavenly music

Not everyone appreciates Mr Garcia's silent revolution. When last year he removed regulations so that bars and restaurants could charge what they liked for *cafezinhos* (small espresso coffees drunk incessantly in Brazil), Mr Garcia could not understand why wherever he went the price remained the same.

Then he discovered that in Rio de Janeiro the Association of Bars, Restaurants and Hotels was getting together and deciding a price by which all members had to abide.

Car parts manufacturers and insurance brokers caused similar headaches by agreeing prices among themselves.

Mr Garcia explains: "I have had to persuade people that removing price controls means they should compete. It's a cultural problem – some sectors simply have no memory of competition." Customers are having to be educated too. Ten years of hyper-inflation and 30 years of strict controls mean that people have lost all idea of what something should cost.

Industries put a priority on fixed market shares and believe it is better to sell one product at a high profit margin than 10 at a lower one. Thus in recession, Brazilian prices tend to go up rather than down.

To try to enforce competition the government has instituted heavy fines for a uniquely Brazilian offence called "crimes against the economic order" and many sectors have been called in to explain "abusive prices".

Brazilian resistance to competition has led to ludicrous situations. The owner of a petrol station almost ended up in jail for offering a 1 cent discount per litre of fuel, and was saved only when President Collor issued an emergency decree.

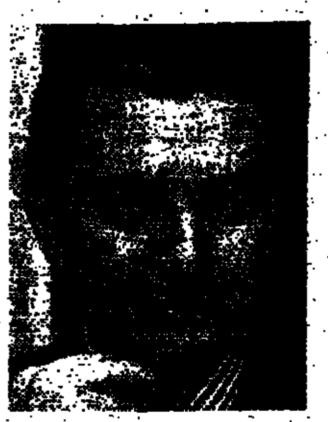
Even the airlines have almost come to blows as they attempt to adjust to the unaccustomed competition. Transbrasil, the smallest of the three, has accused Vasp, number two, of "ruinous competition" and "disloyalty" for offering large discounts. The head of Transbrasil, apparently supported by Varig, the largest airline, has demanded that the Civil Aviation Authority take action against Vasp.

The rivalry between the three started earlier this year when fixed market quotas and prices were abolished. Instead, parameters were set allowing them an 80 per cent leeway around a suggested price.

Initially, prices and lines were still agreed between the three and only very limited discounts offered. But the joker in the pack was Mr Wagner Canhedo, the swashbuckling head of Vasp.

Since buying the company from the São Paulo regional government last September, taking on the company's $703m debt, he has increased his fleet from 31 to 43 and taken advantage of recent deregulation to launch a huge marketing campaign slashing prices, improving service, lambasting competitors and acquiring new routes and flight times.

The others were forced to follow suit and so bitter now is the rivalry that on two occasions on the Saturday evening flight from Salvador to Rio, for example, Varig has made sure that their flight lands before that of Vasp which departs 10 minutes earlier, leaving passengers bewildered at the very un-Brazilian idea of arriving before schedule.



Collor: a 'new Brazil'

Transbrasil and Varig have suggested an accord dividing up the market, but Mr Canhedo simply laughs and claims he has increased market share of Vasp from 23 per cent to 45 per cent, overtaking Varig, and will continue to do so.

"The Brazilian businessman must learn how to compete or be thrown out of the market," he says. But Mr Canhedo's rivals may still have the last laugh. On Monday the federal police opened an inquiry into his purchase of Vasp, which Mr Canhedo claims, "can only have been instigated by my competitors."

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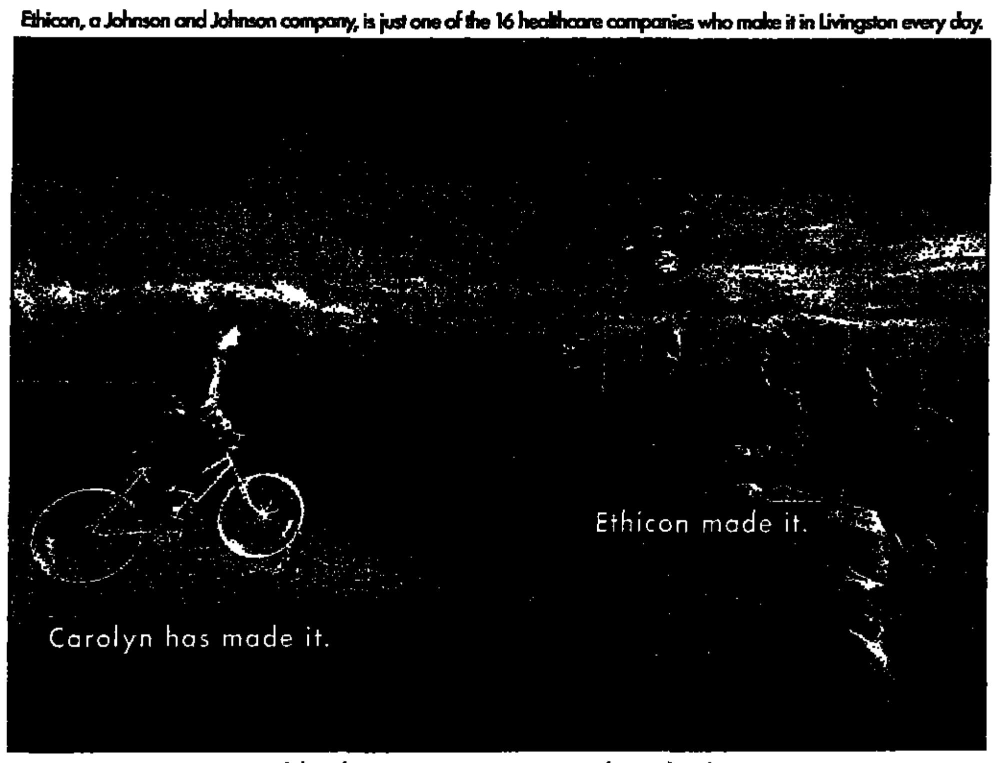

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Warrants (the "First Warrants")
to subscribe for Shares of common stock of
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U.S. $100,000,000
4¾ per cent. Guaranteed Notes 1993

and

Warrants (the "Second Warrants")
to subscribe for Shares of common stock of
Iwatani International Corporation issued with
U.S. $300,000,000
3⅜ per cent. Guaranteed Bonds 1993

Pursuant to Clause 4 (A) of the Instruments dated 15th September, 1988 and 3rd August, 1989 (the "Instruments") and in accordance with Conditions 7 and 11 of the Terms and Conditions of the Warrants, notice is hereby given that:-

Due to issuance by Iwatani International Corporation (the "Company") on 24th June, 1991 of Swiss Francs 200,000,000 3¼ per cent. Guaranteed Notes with Warrants to subscribe for shares of common stock of the Company (the "Shares") at a consideration per Share receivable by the Company less than the current market price per Share on the date in Japan on which the Company fixed said consideration (12th June, 1991), the Subscription Prices of the First and Second Warrants in effect were adjusted as follows respectively pursuant to Clause 3 (vii) of the Instruments and Condition 7 of the Terms and Conditions of the Warrants: the Subscription Price of the First Warrants was adjusted from Yen 670.20 to Yen 669.10 and the Subscription Price of the Second Warrants was adjusted from Yen 1,189.00 to Yen 1,187.00, both become effective as from 25th June, 1991 (Japan time).

IWATANI INTERNATIONAL CORPORATION
By: THE SANWA BANK, LIMITED
as Principal Paying Agent and
Warrant Agent

Dated: 26th June, 1991

INTERMARKET FUND
Societe Anonyme
Siege Social : Luxembourg, 2, boulevard Royal
R.C. Luxembourg B-8622

Messieurs les actionnaires sont priés d'assister à l'assemblée générale ordinaire qui se tiendra le 12 juillet 1991 à 12.00 heures en l'hôtel de la Banque Internationale à Luxembourg, 69, route d'Esch, Luxembourg pour délibérer sur le suivant :

ORDRE DU JOUR

1. Rapports du Conseil d'Administration et du Réviseur d'Entreprises.
2. Approbation du bilan et du compte de pertes et profits au 31 mars 1991, affectation du résultat.
3. Décharge à donner aux Administrateurs.
4. Nominations statutaires.
5. Divers

Aucun quorum n'est requis pour les points à l'ordre du jour de l'assemblée générale annuelle et les décisions seront prises à la majorité des actions présentes ou représentées à l'assemblée.

Pour être admis à l'assemblée, les propriétaires d'actions au porteur sont priés de déposer leurs actions cinq jours francs avant l'assemblée aux guichets de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg ou auprès de la Banque Arabe et Internationale d'Investissement, 12, Place Vendôme, 75001 Paris.

Le Conseil d'Administration

GT INVESTMENT FUND
Société d'Investissement à Capital Variable
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DIVIDEND ANNOUNCEMENT

Shareholders are informed that GT INVESTMENT FUND will pay a dividend of US$ 0.04.- per share on June 28, 1991 to registered shareholders on record on June 21st, 1991. Shares are to be traded ex-dividend as from June 21st, 1991.

The dividend is payable to holders of bearer shares against presentation of coupon no.4 to the following paying agents.

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Crédit Industriel et Commercial
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75009 Paris
France

Banque Internationale à Luxembourg
2, boulevard Royal
Luxembourg

The Board of Directors

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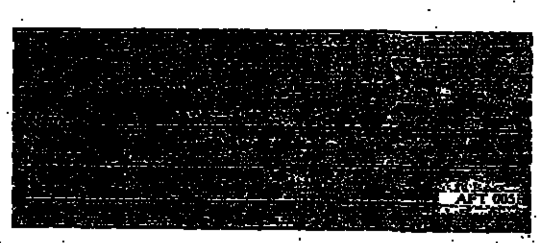

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UK NEWS

Nissan UK cuts new car prices by up to £1,000

By John Griffiths

Nissan UK (NUK), the privately-owned car distributor, yesterday announced immediate price cuts of up to £1,000 on all models sold in Britain.

Industry analysts said the move reflected the distributor's discontent at attempts by Nissan Motor – its Japanese supplier – to set up its own UK retail network rather than as the first round of a price cutting war in the deeply depressed new car market.

Reductions, however, may be announced by other manufacturers. Rumours are rife of planned price cuts of up to 10 per cent and other marketing initiatives by manufacturers as they prepare for the introduction of new models in August.

Discounting is already widespread following the fall of around 30 per cent in new car sales in the first five months of this year.

In announcing its price cuts, NUK blamed its own fall of more than 30 per cent in sales this year more on Nissan itself than the poor market.

The Japanese manufacturer is planning to sever all ties with NUK at the end of this year and set up its own dealer network after a long running series of rows, most recently over pricing.

NUK has accused Nissan of supplying its wholly-owned distributors on the Continent cars at up to £2,000 less per vehicle than paid by NUK. For its part, Nissan has accused NUK of itself setting retail prices too high.

In a statement announcing the cuts, an NUK spokesman said "it's never an easy decision to reduce prices but we felt the deplorable situation forced on our dealers this year demanded drastic measures".

A spokesman for Nissan Motor refused direct comment on the decreases. But the company said: "We reject claims that we have created uncertainty among dealers".

NUK last week filed an appeal against two High Court rulings on the dealer network dispute: one relating to arbitration of the dispute in Japan; the other refusing NUK an injunction against Nissan. The appeals are to be held in London's Appeal Court on July 23.

Travel blues catch up with jet-set executives

By Diane Summers, Labour Staff

SENIOR British managers are increasingly likely to refuse to pack their suitcases and set out on yet another business trip as they opt to spend more time with their families instead.

That is the main finding of a survey of managers by Mori, the market research group.

Less than half of senior managers are prepared to spend two weeks or more abroad without their spouse or partner, and only 15 per cent are prepared to spend more than a month away from home.

Boredom, loneliness, the disruption of family life and pressure from husbands or wives, are given as the main reasons for business travel no longer being the perk it was once considered.

These small indications that "new man", the domestic variety, is beginning to evolve (only 12 per cent of the sample was female) may be seen as a step forward in the development of the human race.

The findings, however, will provide little cheer for the travel industry, already severely hit this year by the twin pressures of the recession and the Gulf War.

The survey of 200 British senior managers found almost all had been on overnight business trips in the past two years and a third expected to have to go on more in the next two years. Sales and marketing professionals were the most frequent travellers, with an average of one trip or more a month.

Labour promises independent education commission

By Andrew Adonis

CONCERN at poor education standards in Britain compared with other western European countries has prompted calls by the opposition Labour party for an independent "education ombudsman".

Under plans announced yesterday by Mr Jack Straw, Labour's education spokesman, an Education Standards Commission would take over the present work of Her Majesty's Inspectorate (HMI), and would be responsible for directing local education authority (LEA) inspectorates.

Mr Staw said Labour would establish the commission within a year of winning the next election.

"Concern about educational standards in this country has rarely been greater," he said.

"British children are no less bright than their counterparts in western Europe, but educational opportunities are low in the UK. The ambition we have is to make Britain the best educated and trained nation in Europe."

The proposals would allow parents and governors to complain directly to the Commission when dissatisfied with the performance of their school.

Reaching for a better standard: Labour spokesman Jack Straw announces plans for a new education ombudsman

Nomura embarrassed by damaging court case

By Raymond Hughes, Law Courts Correspondent

THE CURRENT embarrassment of Nomura, Japan's largest securities house, has been compounded by a High Court ruling that its London arm, Nomura Bank International, wrongly retained $211,640 belonging to a private customer.

The events recounted yesterday in the High Court included the jailing of two Nomura foreign exchange dealers for conspiracy to defraud the bank and allegations of cash being passed in envelopes across a dinner table.

The story began in early 1987 when Nomura, newly-established in London, decided to develop its foreign exchange activities.

At the suggestion of Mr John Lepine, its recently-recruited £70,000-a-year foreign exchange desk head, Nomura agreed, as an experiment, to take on Mr Demetriou Fafalen, a Greek businessman with whom Mr Lepine had had previous dealings, as a private customer.

In June 1987 it entered into a secured foreign exchange agreement with Mr Fafalen, who deposited $200,000 in a margin account for the bank to speculate on the dollar/yen market.

The agreement was ended in October 1988 when Nomura suspected the account had been operated fraudulently. The bank calculated it had lost $554,834. It appropriated the $399,882 in the account and sued Mr Lepine, another senior foreign exchange dealer Mr Stephen Couling, and Mr Fafalen for the $170,985 balance.

Mr Fafalen counter-claimed $318,692: the $399,882, less $81,190 which he contended was the actual loss Nomura had suffered.

In November 1989 Mr Lepine and Mr Couling pleaded guilty to conspiracy to defraud Nomura. Mr Lepine was sentenced to five years in jail, reduced on appeal to three years, and Mr Couling to 18 months, of which 12 were suspended.

Mr Fafalen had by then left the UK.

When the High Court case began on June 17 Nomura discontinued its claim, agreeing to pay all the costs, but contested the counterclaim.

After yesterday's judgment the bank's lawyers declined to be drawn on the reason for the discontinuance.

In the witness box Mr Lepine, who was released from prison at the end of last year and was called to give evidence for Mr Fafalen, admitted that from the end of January 1988 he had operated the Fafalen account "unethically" - that he had done deals without Mr Fafalen's express instructions.

He also admitted fraudulently "back-booking" some transactions: doing dollar/yen deals at a certain rate but not entering them on his trading sheets until the rate was moving in the direction he had expected.

A *frisson* ran through the court when, while being taken though his trading sheets, Mr Lepine referred to a deal between Nomura in London and Nomura in Tokyo having been "washed" through another bank because it was against Japanese banking rules.

The judge said he did not think he needed to know about that, and he made no reference to it in his judgment.

Of the 32 Fafalen transactions in the last five months of the agreement 31 had made a profit.

Nomura alleged all 31 had been back-booked. Mr Lepine said only 17 had been.

Nomura also asked the judge to hold that there had been fraud during 1987, pointing to the abnormally high success rate: 96 per cent. Suspicious, the judge agreed.

Mr Lepine admitted having received cash payments of £1,000 to £3,000 from Mr Fafalen, passed in envelopes across the dinner table, which he had split with Mr Couling.

They had, he said, been Mr Fafalen's thanks for advice and help.

Judge Main commented that "the only inference that one can draw from that is that Mr Lepine was not then acting in the best interests of the bank as far as Mr Fafalen was concerned."

It was, he said, "strong but not compelling evidence of fraud." Nor, he added, did Mr Fafalen's "prudent departure" from the country necessarily indicate fraud.

On balance, the judge said, he was not satisfied fraud had started before Mr Lepine said it had. "I remain very suspicious, but no more."

As for the 31 transactions, the judge concluded that 28 had been back-booked. He held Nomura had over-appropriated $211,640 and he gave judgment for Mr Fafalen for that amount, with costs.

European scrutiny, Page 18

Nuclear submarine project may be axed

By David White, Defence Correspondent

THE MINISTRY of Defence is expected to abandon plans for a new class of nuclear-powered submarine as part of its Options for Change defence review.

Its plan is to build instead an improved version of its current Trafalgar class in order to save on costs.

The decision, expected to be announced either in the course of a House of Commons debate on the navy tomorrow or when the annual defence white paper is published next month, will come as no surprise to the navy or to the submarine builders VSEL.

The project for a new "hunter-killer" submarine, known as SSN 20 or the "W" class, has been in doubt for about two years. It was reckoned that it would be built, if at all, after the turn of the century.

VSEL received a contract in early 1987 to begin design work on the new class, but the company said this work was still at "a very early stage".

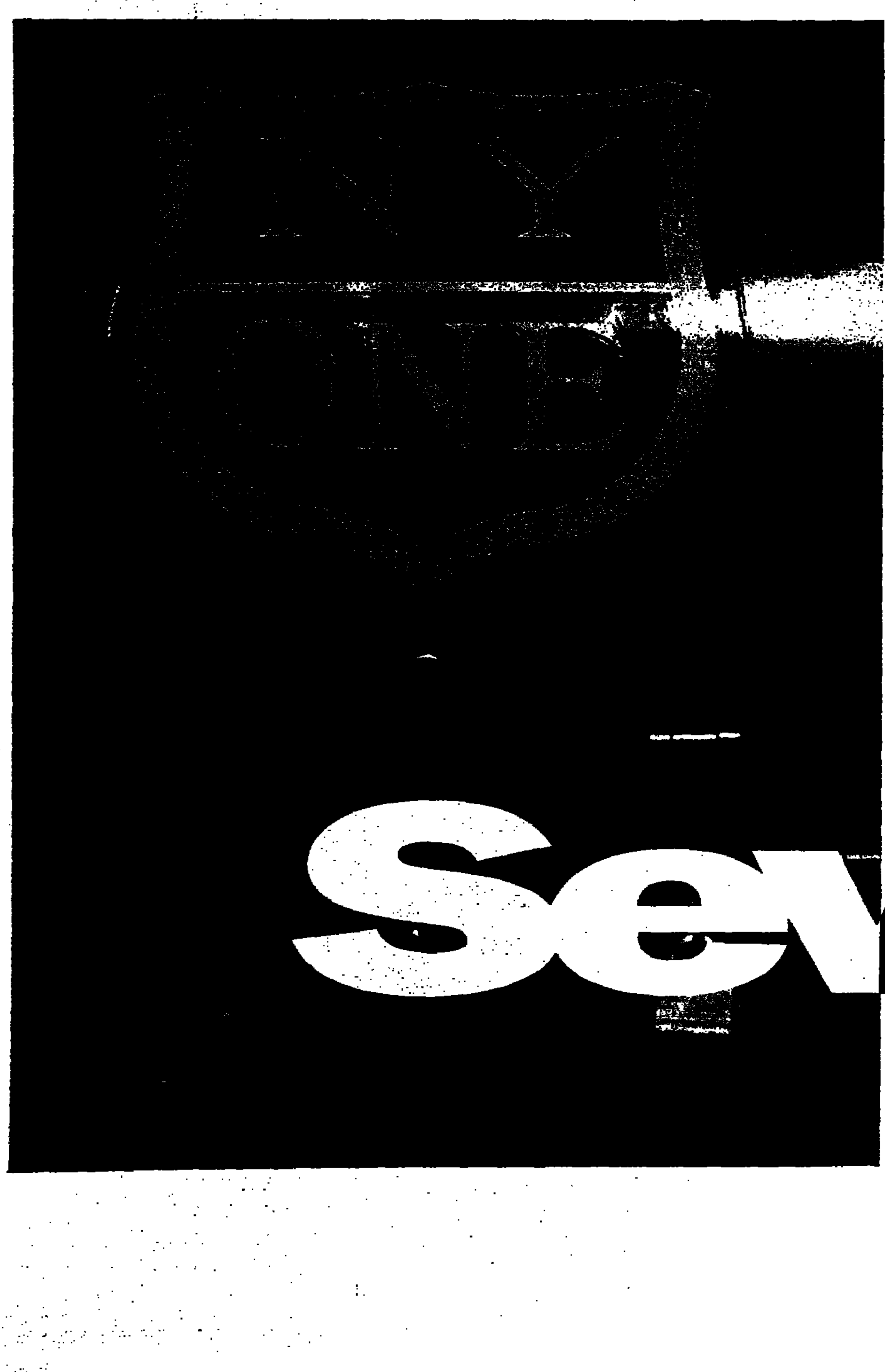
The switch to an upgraded Trafalgar class may be seen as advantageous to VSEL in bringing construction dates nearer.

If is thought that the new submarines will be powered by the same Rolls-Royce PWR 2 reactor used in Britain's Trident ballistic-missile submarines, now under construction. They are also expected to have upgraded weapons and sensors.

The new submarines will replace the six vessels of the Swiftsure class, which were built in the 1970s, and operate alongside the more recent Trafalgar class submarines.

The SSN 20 was to have been a slightly larger submarine than the Trafalgar class, with a strengthened hull. Under the original plan, the first of the class would have already been ordered by now.

The government's handling of defence cuts has been criticised by Mr Menzies Campbell, the Liberal defence spokesman. In a letter to Mr Tom King, defence secretary, Mr Campbell accused the MoD of "lurching from one controversial decision to another."



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UK NEWS

Pay rise for power chief condemned

Mr John Major yesterday condemned a 58 per cent pay increase awarded to Mr John Baker, chief executive of National Power, the recently-privatised electricity generator, writes Emma Tucker and Clare Pearson.

The company revealed, along with preliminary results for its last financial year yesterday, that Mr Baker's remuneration had risen from £85,000 to £135,000.

Seizing on the latest in a string of high pay awards to industrial chief executives Mr Roy Hattersley, deputy leader of the opposition Labour party, asked Mr Major if he would join with him in condemning the award.

Mr Major replied "Yes, sir".

"I made it perfectly clear when I was Chief Secretary to the Treasury some years ago, that I don't believe excessive salary increases are right," he said.

The row over top executive pay increases erupted in the House of Commons less than a week after Mr Robert Evans, chairman and chief executive of British Gas was awarded a 66 per cent pay increase.

The revelation came as National Power announced pre-tax profits of £479m for the year to end-March, up from £267m in the previous year and slightly ahead of the £465m forecast when it was privatised in February.

EUROPEAN POLICY

Hurd hopes to soothe Tory fears

By Philip Stephens, Political Editor

MR DOUGLAS Hurd will today seek to defuse unease among Tory MPs about the ambitions of Britain's European partners with an assurance that talks on political union need not imply the creation of a federal superstate.

The foreign secretary's outline of the government's stance towards changes to the Treaty of Rome will come in a House of Commons debate which is expected to reveal the continuing tensions in the Conservative party over Europe.

He will stress that the government will continue to block any large-scale extension of the European Community's competence into areas such as the social charter, health and education. Conversely, it will press for greater powers to be given to the European Court to ensure member states implement existing EC directives.

As the government seeks to maintain its delicate balancing act, Mr Francis Maude, the Treasury minister, will tell MPs that it remains optimistic of reaching agreement in the separate negotiations on Economic and Monetary Union. Its acceptance of the principle of a single currency, however, will remain conditional on the deferral of any final decision to a future parliament.

The debate will coincide with the screening of a television interview in which Mrs Margaret Thatcher, the former prime minister, sets out her alternative vision of a greatly-enlarged European Community with strong links to the US.

Seeing eye to eye: Mr John Major (left) won agreement from Mr Jacques Santer, the Luxembourg prime minister

Downing Street has been assured by Thatcher aides that her remarks do not include any criticism of Mr Major.

Mr Hurd, whose statement will set the tone for Britain's stance at the summit in Luxembourg which starts on Friday, will set out the three basic strands to Britain's approach to political union.

● Britain will insist that stronger co-operation in foreign policy, security and judicial matters must be based on a "pillared" structure, leaving them outside the control of EC institutions.

● Amendments to the Treaty of Rome will need to reconcile stronger European co-operation on defence with the transatlantic bridge provided by Nato.

● The powers of the European Court must be enhanced to ensure the Community laws are applied "uniformly" in each member state.

Mr Major last night won further assurances from Mr Jacques Santer, the Luxembourg host for the summit, that there would be no attempt to "ambush" Britain at the meeting by bringing forward the timetable for firm decisions.

In comments after a meeting in Downing Street, both leaders agreed that the summit would concentrate on "taking stock" of progress so far and setting general; "orientations" for the conclusion of negotiations in December.

Earlier the prime minister had repeated in the Commons his opposition to the inclusion of the word "federalist" in any treaty changes. He left open the possibility, however, that Britain could accept such a phrase if it were carefully defined to imply the dispersal of power within the Community rather than its centralisation in Brussels.

● Mr Tony Blair, Labour's employment spokesman, yesterday redoubled his attacks on the government's opposition to the European Community's social charter by warning that the Tories were excluding employers from formulating policy.

As Mr Michael Howard, the employment secretary, was meeting his European colleagues in Luxembourg, Mr Blair said that the main consequence of the policy was that British businessmen would have no input into Community law on key employment issues.

His attacks were echoed in Frankfurt where Mr Neil Kinnock, the Labour leader, told a meeting of international socialists that Britian was again on the "outside track" of Europe on the 48 hour week proposal.

Digging in the past revives old insurance policies

By Richard Gourlay

SHEILA Mulrennan, president of the Insurance Archaeology Group of New York, is doing nothing to cheer up the Lloyds Names who will gather in London this morning to hear the extent of the insurance market's most recent losses.

From offices in New York and Washington Ms Mulrennan's company unearths and revives old insurance policies for US companies facing huge bills for clearing up the environment.

"The cost of cleaning up corporate America will be at least $100bn," she says. "Broadly worded insurance policies, many written on Lloyd's of London in the 1950's and 1960s, are one way of offsetting this cost for companies, shareholders and municipalities."

Since setting up IAG six years ago, Ms Mulrennan has found her clients some $4bn worth of "previously unknown, insurance assets (policies) which can respond to a variety of products liability and environmental litigation".

Most of the policies from that period came home to roost in Lloyds of London. US insurance companies either re-insured in London or insuring corporations took so-called excess of loss insurance at Lloyd's directly, she says.

Liability claims from the past, so-called long tail liability claims, lie behind one of Lloyd's most serious problems, that of syndicate managers not being able to "close" the books.

Names continue to face liability if a syndicate leaves a year "open" because the extent of losses are not quantifiable.

The Lloyd's Names are today likely to hear Mr David Coleridge, the Lloyd's chairman, report losses of £520m for the market as a whole in 1988, the most recently reported year.

Businesses like IAG are likely to add to problems of the Names, whose wealth backs underwriting at Lloyd's, by increasing the number of syndicates which will have to leave years open.

IAG concentrates on finding policies that have expired. Ms Mulrennan says recent US court rulings have shown that claims can still be valid on expired policies as long as the insured incident - pollution of land, or the cause of the asbestosis, for instance - happened during the life of the policy.

"Regulatory bodies are encouraging companies to investigate their policy history and shareholders demand that companies aggressively pursue insurance companies," says Ms Mulrennan. "And municipalities argue that the tax payer has paid the premium and so why should they pay twice."

"Lloyd's was the predominant market for excess of loss insurance in North America before 1960 when many of the claims we find date from," says Ms Mulrennan.

Since IAG started, a number of other companies have entered the US insurance archaeology business. They all rely on digging in a company's old accounting and insurance records, legal files, records of former auditors and also documents lodged in National Archives in Washington.

Ms Mulrennan says courts have also been very impressed by the drafting history of insurance policies. These record what insurers actually meant by pollution, for example, and what Lloyd's policies excluded, or as the market is finding to its peril, frequently did not exclude.

Lex; London market, Page 18

BRITAIN IN BRIEF

Accountants to make 180 redundant

Price Waterhouse, the UK's third largest accountancy firm in terms of fee income, is shedding 180 of its audit and business advisory services staff. The majority are staff who qualified in the last three years. None are partners.

Mr Ian Brindle, the senior partner, said: "The continuing recession has forced this action on us."

He said that qualified accountants who would normally leave the firm for jobs elsewhere were staying on because new opportunities were not available. Although the firm's business was continuing to grow, the rate of growth had slowed because of the recession.

250 jobs lost as mill closes

SCA Board and Industrial Papers UK, part of the Swedish-owned paper and packaging company, is to close a paper mill in Lancashire, north England. Some 250 jobs will be lost at the mill which manufactures envelope paper and filling grade boards.

UK to aid governments

Britain is to give £50m next year to help developing countries improve their system of government, Mrs Lynda Chalker, Overseas Development Minister, announced.

She said the "good government" aid programme would encourage countries to promote economic and social development. Mrs Chalker said the money would come from the bilateral aid programme.

Mr Raymond Seitz, new US ambassador to Britain, leaves his embassy to present his credentials to the Queen at Buckingham Palace. He is accompanied by Lt Gen Sir John Richards, marshal of the British Diplomatic Service

Protection agency demand

A national environment protection executive should be established to oversee all aspects of hazardous waste management and other environmental health issues, says the British Medical Association.

The US has an Environment Protection Agency but the UK government has rejected such a move even though a House of Commons committee favours it.

Slack demand for mortgages

There has been little upturn in mortgage lending, despite the recent fall in interest rates, Mr Mark Boleat, director-general of the Building Societies Association, said yesterday. "Clearly the recent reduction in mortgage rates has not yet resulted in a significant increase in mortgage demand."

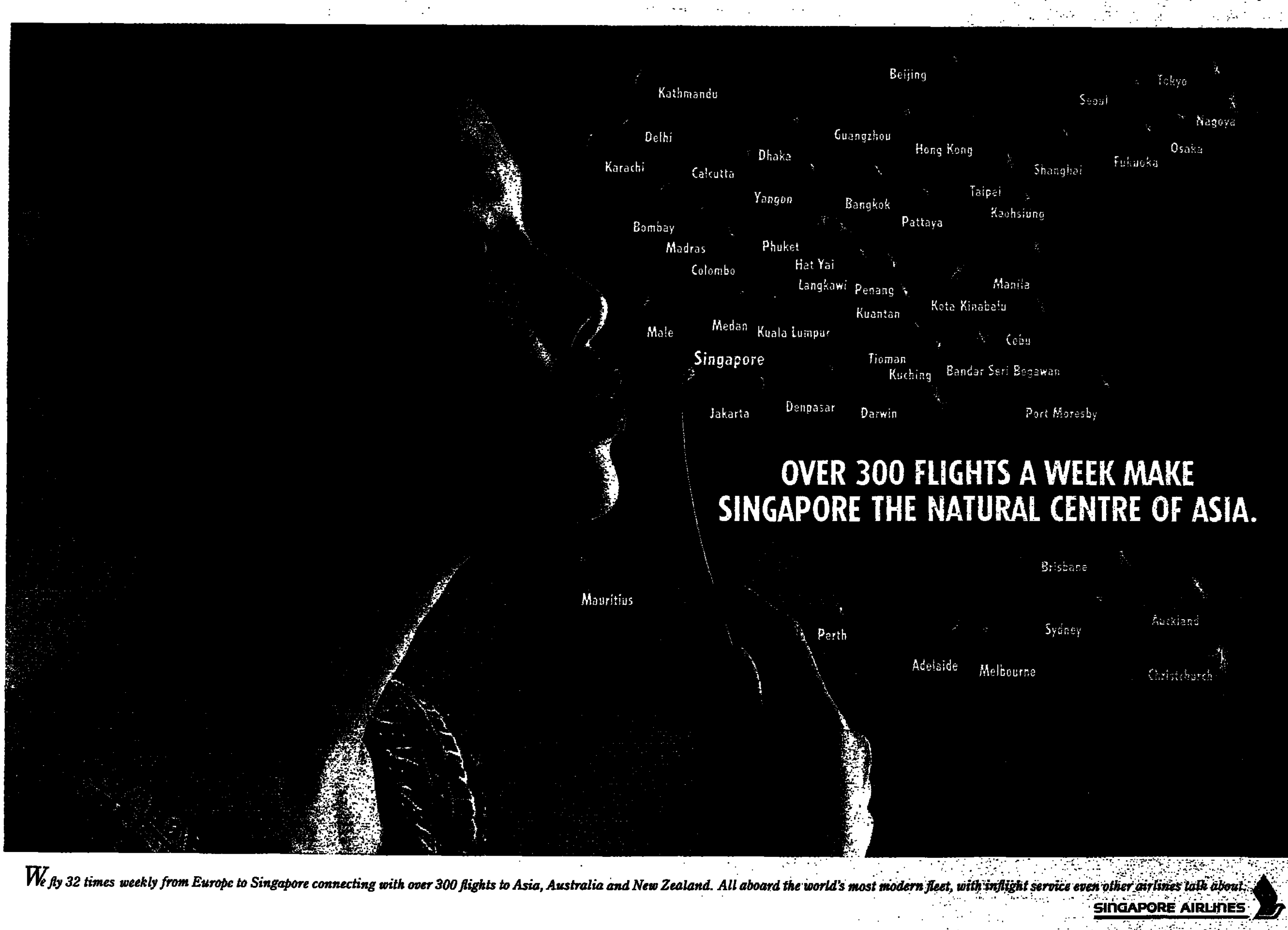
Newspapers challenge ban

Lawyers for three British newspapers challenged the government's right to "gag the press" in an important legal battle in the European Court of Human Rights.

The Observer, Guardian and Sunday Times are seeking a ruling that the government ban on publication of extracts from Spycatcher, the memoirs of former MI5 officer Mr Peter Wright, was a breach of the European Human Rights convention guaranteeing freedom of expression.

Degas painting sold for £6m

Degas's small Racehorses was sold to a European collector for £6.05m against American underbidding on Monday. It was the first Degas equestrian picture to come on to the market for a decade and was painted around 1871-72, being reworked in 1874-78.



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GLOBAL SECURITY

MANAGEMENT

James Buxton explains how the UK manufacturer of storefittings benefited from a just-in-time factory reorganisation

Havelock: running counter to tradition

Havelock Europa is a storefitting company. In its factories it builds counters, shelves and cupboards for shops and banks, then sends out teams of men to install them. Until recently those factories were fairly inefficient.

When Havelock examined the way it built one of its most common products, a sloping front counter for Boots stores, it found it used 116 steps in the process, including moving the semi-finished product and collecting components to fit to it. Yet only 22 of these steps actually added value to the product.

Furthermore, each counter was travelling 1712 metres – almost a mile – on its way round the factory. And the lead time needed to produce a counter, from the moment the factory began to organise its manufacture to the time it left the plant, was seven weeks. Yet the actual process time, during which work was actually being done on the counter, was only 4.15 hours.

Havelock discovered these disconcerting facts about its Nottingham factory when it was taking the decision to move to just-in-time (JIT) manufacturing. It also found that the number of steps involved in production could theoretically be cut from 116 to 34, though 68 was a more realistic target, and that the distance travelled could be trimmed to about 300 metres. An ideal lead time is just one day; Havelock set a target of one week.

Havelock is now beginning to enjoy the benefits of introducing JIT manufacture at Nottingham and at its other main plant at Dalgety Bay, Fife. It has not all gone smoothly, and not all the promised advantages have been realised. On the other hand, Havelock has achieved some unexpected gains, not least in improved staff motivation.

"It's not been an easy ride but we're getting converts to JIT every day. People realise it's more efficient and their work's often easier," says Archie Barr, senior production manager, who was part of the team which planned and introduced JIT at Dalgety Bay.

Havelock realised the need to improve its manufacturing efficiency in 1989 when financial institutions forced out the old top management and installed Lewis Robertson (since knighted) as chairman. Robertson brought in Hew Balfour as chief executive.

Consultants had already identified the fact that very high levels of overtime were being worked throughout the year. Because lead times were so long and because, as Balfour says, "the customer was not always prepared to wait for up to nine weeks," the company held a large buffer stock of finished goods, many of which never found buyers.

"At Nottingham alone we had £2m locked up in work-in-progress and surplus stock," says Balfour. "That's equal to £300,000 worth of interest that we could have saved."

He points out: "It's no good top management imposing JIT from above; the middle management will see it as a threat." Instead the Nottingham plant put together a team of half a dozen people to study the possibilities of JIT. The most senior member was the plant's chief engineer; the most junior was a machine operator.

The team was relieved of other responsibilities. It studied how the plant worked and devised targets and methods of achieving them, helped by consultants from Coopers & Lybrand Deloitte. It identified the benefits, which included a £2m reduction in stock, the release of a 42,000 sq ft warehouse costing £125,000 in annual rent, and the freeing of 42,000 sq ft of production space.

They made a presentation to the board, asking for £231,000 to cover changing the layout of the plant, new equipment and training, plus consultants' fees of £120,000. The plan was accepted.

A similar plan was devised last winter at Dalgety Bay, where the lead time was a less excessive 25 working days, to be cut to five. First it identified the choke points where production was held up.

Sandy Robertson, managing director at the plant, says the factory grew up in an ad hoc way which meant that, as at Nottingham, equipment was in an illogical order. In particular the press, used early in the process to press and glue pieces of board together, was located in the middle rather than at one end.

Time was wasted in the joinery shop where each joiner did most of the work on an entire unit himself, spending much of his time "scurrying around to get the material and tools," says Balfour.

Every piece of woodwork had to pass through the Giben saw, a two-way power saw which cuts the panels to the desired size. "Material was often held up for weeks there," says Robertson. "Every time a new batch of panels came along the operator had to alter the settings of the saw. But often he found that when he'd finished sawing the new batch, another batch came along which required him going back to the original lot of settings." Changing settings had taken up to an hour; that is now down to nearer 10 minutes.

Robertson admits: "A lot of the changes you have to make are elementary once you start examining the way you've been doing things." The layout of the plant was changed and heavy equipment moved. Production flow was reorganised to avoid unnecessary setting time at the main machines. In the joinery-shop work was broken down into cells for different types of wood with each joiner concentrating on one process at a time. The materials, tools and glue are now brought to him on trolleys.

The project team made presentations to the employees to convince them of the benefits of change. Video cameras were brought in (against some opposition) to demonstrate to individual workers how they could save time. "When you've been working the same machine for 20 years you don't automatically think of ways of doing it differently," says Balfour.

Peter Latham, who runs the metal shop, says: "The minute we had the strategy there and realised the company would back it up with money we saw it made sense. We said let's go for it."

Some staff took longer to be convinced. "In any organisation you get 10 per cent who latch on to a new idea at once," says Balfour. "Another ten per cent refuse and the remaining 80 per cent are floating voters who wait to see which way the wind is blowing. That is why converts to JIT are still being enrolled."

Willie Anderson, one of the joiners who now works on a cell system, says: "The work's a lot easier and a lot more efficient. There's none of that walking about getting the materials." He adds: "It's a bit less satisfying, though, because you never complete an entire unit yourself."

Though JIT was introduced fairly smoothly at Dalgety Bay the earlier implementation at Nottingham ran into problems after a few months. A new product for TSB bank branches was introduced, productivity halved and disillusion with JIT set in.

It turned out that part of the problem was with the computer system which handled production planning. It had to be re-programmed. A new production manager came in who identified the choke points created by the TSB product. Eventually productivity recovered and is now higher than before.

Now that production at Havelock Europa is on a JIT basis some of the pressure has shifted elsewhere in the production cycle. "We say to ourselves: we will try to make it just a week before it has to be delivered," says Balfour. But having eliminated the lead times it is now more important to have a steady flow of work. Havelock is trying to work with customers so as to be able to forecast orders before they are placed.

Assessing the results so far, Balfour says that only half the reductions in stock have been realised at Nottingham, partly because not all the surplus stock has found buyers, but he hopes to achieve the full savings by the end of the year.

Production space has been liberated at Nottingham. Production has ceased at the group's third plant, Inchinnan near Glasgow, with the loss of 136 jobs, and the work moved to Dalgety Bay.

"We had hoped to improve our profit margins with JIT," says Balfour. "But in the last few months the recession has hit us. Instead JIT has prevented margins being reduced as much as they otherwise would have been."

Now that the factories have rationalised their production systems it is possible for the first time to make accurate measurements of production. "We can now calculate the 'drumbeat' of production in terms of square metres of wood processed per hour at different points," says Sandy Robertson.

An unexpected bonus is that, as well as lead times being cut, Havelock believes that for most products the process time may have fallen by half at Dalgety Bay. In the original calculations it was assumed that process time would not be reduced.

Balfour makes the caveat that previously process time was estimated rather than measured. Nevertheless, he thinks that changes in the system are enabling people to work more quickly. "For example, by raising the height of the trolley carrying the board to be machined, the machine operator doesn't have to bend down so far to pick it up. So he saves time, gets less tired and works faster."

As for the workforce, Balfour says JIT has helped workers to become more involved in the production process and for some of them to take more responsibility. No jobs have gone at Nottingham or Dalgety Bay. Overtime has been reduced because of higher productivity but that has partly been camouflaged by recession, which would have reduced overtime anyway.

"The loss of overtime has not been as unpopular as one might have expected," Balfour says. "After working seven day weeks people have found having the extra time a rather pleasurable experience."

Hew Balfour: "JIT has prevented margins being reduced as much as they otherwise would have been"

The key to product differentiation

Simon Holberton explains why keeping customers happy is increasingly important

Customer service is looming as one of the most important competitive issues for companies in the 1990s.

This is especially so for companies – from transatlantic airlines to office equipment manufacturers – whose products have virtually become commodities.

Product differentiation has therefore become a key determinant of competitive success. For many of these companies, service – the way the product is delivered and maintained over its life – is the product differentiation.

"Service with a smile" is an oft-heard injunction but it is still the case that few companies have thought systematically about what service is, how to deliver it and once done, how to measure its impact.

A revealing study* of managers' attitudes to service – spanning the US, Japan, continental Europe and the UK – underlines the importance top managers attach to service in the 1990s.

It also exposes the gulf between awareness of service as a competitive weapon, and measures to reorient organisations.

While 90 per cent or more of the nearly 4,000 executives surveyed thought that service was the most important way in which a company could differentiate its products from those of its competitors, only half received regular reports concerning customer satisfaction. About the same number thought that their own organisation's bureaucracy got in the way of delivering good service.

Furthermore, the survey showed that few companies are investing in training for service. In the UK, for example, just 36 per cent of managers and 34 per cent of non-managerial staff receive training in customer service. Britain is by no means the worst offender; in continental Europe only 36 per cent of managers and 28 per cent of non-managerial staff receive training in customer service.

The conclusions of the survey read like a check list for managerial action. They are:

- Successful delivery of quality and service calls for painstaking effort in many areas, ranging from market research to training.
- Superior delivery depends crucially on the attitudes and behaviour of all employees. Moving from a product-driven to customer-driven culture is a profound change in mindset. Employees need training if they are going to accept full "ownership" of customer service; they also need more freedom to make the best decision when they meet the customer.
- Companies need to recognise that if they believe customers are the real asset of the business, then they should set in place systematic ways to measure customer satisfaction.
- Companies should also take the time to find out what their competitors are doing. They should buy their products and test their services.
- Be aware that the Japanese, as the survey appears to confirm, are bringing to bear on service the same intensity, passion and detailed implementation that they brought to product quality in the 1980s.

Service: the new competitive edge, available from: Digital, DEC Park, Imperial Way, Reading, Berks RG2 OTE.

MEETING CUSTOMER NEEDS: Effective methods

	Per cent			
	Europe	USA	Japan	UK
Regular discussions with the salesforce	88	88	99	88
Regular meetings between customers & senior management	85	82	95	88
Market research of potential customers	85	74	96	84
Customer questionnaires	73	73	99	74
Customer "clinics" on products/services	65	64	99	65
Comment cards attached to products	54	56	99	47

Consolidated profit and loss account for the 1990 fiscal year (abbreviated form)

	£ Sterling (000's)	previous year
Sales revenues[1]	7,590,123	6,752,103
Operating result	212,578	216,782
Financial result	-62,370	-56,269
Profit on ordinary business activities	150,208	160,513
Extraordinary result	-48,242	-76,742
Taxes on income and earnings	-62,962	-48,517
Net income	39,004	35,254

[1] excluding mineral oil tax as a transitory item

Consolidated balance sheet as of December 31, 1990 (abbreviated form)

	£ Sterling (000's)	previous year
Assets		
Fixed assets	4,002	3,667
Stocks	1,945	1,657
Other current assets	3,225	2,942
Liabilities		
Share capital	247	247
Other capital reserves	1,496	1,489
Provisions for redundancy payments and pensions	1,067	994
Liabilities and commitments	6,362	5,536
Balance sheet total	9,172	8,266

The 1990 fiscal year was an important period for us. On the way to becoming a truly European group of companies, we have taken …nificant step …s our objective of …ublic in 1992/93. …in spite of some cyclical …s in various business fields, …possible to stabilize the overall earnings level. For the 1990 fiscal year we will again pay a dividend of £ 19.7 million. We consistently promoted the internationalization of our group – by way of specifically targeted acquisitions.

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FT LAW REPORTS

One-party arbitration is invalid

BAYTUR SA v FINAGRO HOLDING SA
Court of Appeal (Lord Justice Lloyd, Lord Justice Farquharson and Lord Justice Nolan): June 13 1991

THE EQUITABLE assignee of a right to participate in a pending arbitration is not automatically a party, but must first notify the arbitrators and submit to their jurisdiction. If he fails to do so and the assignor ceases to exist before an award is made, the arbitration is a nullity in the absence of two parties and he cannot claim damages awarded in the assignor's favour.

The Court of Appeal so held when dismissing an appeal by the defendant, Finagro Holding SA, from a decision of Mr Kenneth Rokison QC sitting as a deputy High Court judge, that an appeal award by the Gafta Board of Appeal in Finagro's favour against the plaintiff, Baytur SA, was a nullity.

LORD JUSTICE LLOYD giving the judgment of the court, said that by a contract dated July 24 1985 Baytur of Geneva agreed to sell a quantity of Turkish vetches to a French company.

Baytur failed to ship any goods of the contract description. The buyers claimed damages. The dispute was referred to arbitration.

The parties presented their cases in writing between April 1986 and October 1987. The arbitrators published their award on April 12 1989. They found in the buyers's favour and awarded $1.3m damages.

Meanwhile, the buyers had ceased to exist.

By an agreement known as a *traité de scission* dated October 24 1986, shareholders of the buyer company had agreed that it should be split in two.

The effect of a *scission* in French law was that the assets and liabilities of one company were transferred to two or more other companies. As soon as the transfers were completed, the transferor company was dissolved.

In the present case the effect of the *scission* was to transfer all the buyer's rights and obligations to Claeys Luck International SA, including rights and obligations in the pending arbitration.

The transfers took effect on December 15 1986. The buyers ceased to exist on that date, long before the award in their favour. On January 1 1989 Claeys Luck changed its name to Finagro Holdings.

In the present proceedings Mr Merriman for Finagro argued that it became equitable assignee of the benefit of the buyers' claim against Baytur on December 15 1986, and that as equitable assignee of a legal chose in action it was entitled to arbitrate against Baytur in its own name.

He contended that since Finagro could have joined in the pending arbitration as soon as the equitable assignment took effect on December 15, it should be treated as having been a party to the arbitration from that date. The arbitration was therefore still alive when the arbitrators published their award in April 1989.

Mr Legh-Jones for Baytur submitted there was a crucial distinction between possessing a right in equity, and exercising that right. He said the fact that Finagro might have applied to become a party to the arbitration did not mean it was already a party. It had, he said, bought a ticket. It had not yet joined the train.

The deputy High Court judge decided the point in Baytur's favour. Finagro appealed.

Mr Legh-Jones's objection was well-founded. It had never been suggested that the assignee of a cause of action became party to pending litigation simply by virtue of the assignment. There was nothing automatic about it. To become a party to litigation, the assignee must first apply to the court under RSC Order 15 rule 7.

There was no reason why a different rule should apply to arbitrations.

Mr Merriman argued that an arbitrator's authority was based in contract and that that made a difference.

That, if anything, should make it more difficult for the assignee to join in an existing arbitration, not less.

In the *Felicie [1990] 2 Lloyd's Rep 21* Mr Justice Phillips found it a startling proposition that a third party could become party to an arbitration without giving notice to anyone.

He was concerned with a transfer of rights under the Third Parties (Rights Against Insurers) Act 1930. It would be equally startling in the case of an equitable assignment.

In the *Jordan Nicolov [1990] 2 Lloyd's Rep 11* Mr Justice Hobhouse held that a legal assignee could succeed to the rights of an assignor in a pending arbitration. But he made it clear that two steps were necessary. First, the assignee must give notice to the other side to perfect the legal assignment. Second, he must intervene in the arbitration, by giving notice to the arbitrators.

He said with regard to costs that intervention clearly was a submission to the jurisdiction of the arbitrators.

In the present case not only was there no submission to the jurisdiction, there was not even any notice of the assignment.

An assignee did not automatically become party to a pending arbitration on the assignment taking effect in equity. Something more was required. He must at least give notice to the other side, and submit to the jurisdiction of the arbitrator.

That was never done.

The immediate consequence was that the arbitration lapsed. An arbitration required two or more parties. There could not be a valid arbitration when one of two parties had ceased to exist.

The award published on April 12 1989 was a nullity.

Baytur did not know it was a nullity since it did not know that the buyers had ceased to exist.

On May 11 1989 it gave notice of appeal. Gafta fixed August 10 for hearing before the Board of Appeal. The following day Baytur asked to be allowed legal representation. On August 3 it found out that the buyers had been dissolved. On August 7 it took issue with Finagro's title to sue.

On August 10 the request for legal representation was granted. Baytur was ordered to pay £15,000 on account of the Board's fees.

On October 4 the substantive hearing began. Mr Legh-Jones made it clear at the outset that his appearance was without prejudice to Baytur's contention that the Board of Appeal had no jurisdiction, since the arbitrators' award was a nullity.

The Board of Appeal went ahead and made an award dated December 20 1989. It upheld the arbitrators but reduced the damages.

On January 17 1990 Baytur issued the notice of motion in the present proceedings, claiming a declaration that the appeal award was a nullity.

Finagro argued that as the Board of Appeal had decided it had jurisdiction to determine the appeal, the only remedy open to Baytur was now to make an application for leave to appeal on a question of law under section 1 of the Arbitration Act 1979.

There was nothing in that point. If the arbitrators' award was a nullity, there was nothing to appeal about. The Board of Appeal could not confer on itself jurisdiction to decide the issue.

Mr Merriman accepted that, but argued that the dispute whether the arbitrators' award was a nullity was a dispute arising out of the contract of sale, and therefore the Board had jurisdiction under the contract coupled with rule 10(7) of the arbitration rules.

There were two answers to that.

In the first place, the dispute was not a dispute arising out of the contract, but a dispute arising on the award.

Second, an arbitration clause, however widely drafted, did not itself confer jurisdiction on an arbitrator. There must first be a reference of the dispute. There was no such reference to the Board of Appeal.

It was said that Baytur was estopped from denying the Board's jurisdiction.

Mr Merriman conceded that Mr Legh-Jones reserved his position at commencement of the October 4 hearing. But he submitted that by then it was too late, and that Baytur's conduct prior to the hearing was enough to create an estoppel.

He relied on the application for legal representation, and the £15,000 payment.

The argument was rejected. Nothing in what Baytur said or did could amount to a clear and unequivocal representation that it was accepting the Board's jurisdiction.

On the contrary, it made it clear from as early as August 7 that it was accepting no such thing.

It followed that Baytur was entitled to the declaration sought.

The court was conscious that the point taken by Baytur was highly technical and against the merits. Nevertheless it must apply the law as it found it.

The result, however regrettable, was that Finagro must start the arbitration again, assuming it was in time or could get an extension.

For Finagro: Nicholas Merriman QC (Taylor Joynson Garrett).

For Baytur: Nicholas Legh-Jones QC (Clifford Chance).

Rachel Davies

Barrister

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TELEVISION

Why Curtley is better in the flesh

Good things are always better in the flesh. Cricket is no exception and there is nothing to compare with watching a good match being played in front of your eyes. It is only when you go to a match that you remember how different and how much more exciting it is it is being there in person, rather than watching it on television.

When Viv Richards was out lbw for 63 soon after play started last Friday morning at Lord's, there was an instant roar from the crowd and a thrill of excitement that penetrated even the closed ranks of the members' pavilion. When I watched a recording of the dismissal on television afterwards, it was barely recognisable. It was no longer fast and fleeting; the moment it was filmed, it became a matter of fact, clear and clinical.

Cricket on television is a godsend. It enables viewers anywhere to watch the game as it happens, but it does feel just one step removed from what is happening. The screen between the watcher and the game removes the urgency of being there in the flesh. At the start of the season I was sitting next to an elderly gentleman in the members' section of Fenners, the Cambridge University ground, watching the students struggling to survive against Lancashire, in Arctic conditions. We were outside, swathed in blankets. All the other members were in the pavilion. The old man said, through blue lips: "It doesn't seem the same from behind a screen somehow. You don't feel as if you're watching it in real life." He was right, be the screen that of a glass door, a line of pavilion windows or a television set.

Also, modern television coverage is so exhaustive that it makes it hard to watch attentively because there is no need to bother. That is part of television's charm – and its danger. It does the work for you, picking up details invisible to the naked eye. Friday's viewers saw poor Graeme Hick's face behind his visor desperately trying not to look nervous during his 11 minutes at the crease before Curtley Ambrose put him out of his misery for 0. Saturday's viewers got close-up pictures of Robin Smith whipping his hand away and grimacing with pain after being hit by a fast, high ball as he batted his way to an unbeaten 148. Close-range insights such as these are set against sharply focused, long-range background pictures, showing every ball bowled, stroke played, catch taken, decision given and piece of fielding undertaken.

Ball-by-ball vision is television's answer to ball-by-ball commentary on the radio. Because television's pictures are so good nowadays, so much smoother and more powerful at long range than they were about 20 years ago, when the West Indians' 1969 tour of England was broadcast in jerky, fuzzy, black-and-white, the cameras play a curious trick on their audience. The pitch is not just brought closer to the viewer and shown from above so that all of it is clearly visible; it is foreshortened. Fast bowling doesn't look nearly as fast on television as it does in the flesh.

Ambrose on television only bowls a shortened distance in the second or so that each delivery takes him, but at Lords on Friday, watched from sideways on, he was bowling the full 22 yards and the ball rocketed past at terrifying speed. The full sensation of speed is one of the casualties of cricket on television.

The BBC is rightly proud of its cricket camera-work. Unfortunately, wanting to make the most of this asset, it has become addicted to replays. Any important or interesting incident is replayed *ad nauseam*. Replays, like bouncers, are most effective when used in moderation. Television uses them in excess.

There are different angles and slower speeds for every noteworthy incident. Slow replays must outnumber full speed replays by about three to one nowadays, force-feeding viewers too often and too slowly, getting them out of practice at watching for themselves. Last Saturday "Jack" Russell was caught behind off Carl Hooper, twice at full speed, at least three times in slow motion and three times from assorted angles. Then there were looks back later in the game, recorded highlights later in the day and more recorded highlights on the news.

Heads down — here comes Curtley

Because you know you can catch up on anything you miss, you miss more. That is why the recent proposals that umpires should be provided with video recorders, so they can watch replays before making their decisions, is a kind of blasphemy. The irony is that this is advocated as a measure that will improve umpires' judgment, when in fact it would weaken it. If you have a screen, you use it, and if you use it you quickly need to use it. Once that has happened, both players and umpires lose confidence in the umpires' judgment. Good umpiring becomes a thing of the past, just as good watching of televised cricket, amid a barrage of replays, is in danger of becoming a thing of the past.

It is not helped as much as it might be by television's cricket commentary, which seems uncertain about its aims and alternates between the educational and the chatty. It is not ball-by-ball commentary, as on the radio, but it seems unsure of letting pictures speak for themselves. Viewers are given a patchy flow of explanations and remarks which never manage to generate much sense of climax. Listening to them is like watching a flat landscape, broken only by occasional bumps and hiccups.

In part this is because the middle ground between educational commentary and chatty commentary is held by Richie Benaud and Ray Illingworth, a shrewd pair with great experience of Test cricket. Illingworth in particular makes some acute comments, delivered in the manner of an old sage talking resignedly about the inevitability of fate. The commentary has such an air of weary acceptance of life and its cricket that you almost feel it is in the past tense.

Tony Lewis and Jack Bannister belong more clearly to the chatty contingent and their commentary, like Benaud's and Illingworth's, is neither good nor exciting, but nor is it bad. Interviewing Desmond Haynes when bad light had stopped play on Saturday, Lewis brought out a good natured and humorous side of Haynes's character that is not often open to the public. It is a pity television does not have a West Indian commentator for this series, in the radio tradition of always having one member of its commentary team from the country of the visiting tourists.

Instead we have Geoffrey Boycott, the old expert Yorkshireman with a vengeance, explaining the finer points of the game to the uninitiated when the producer decides that it is time for entertainment to give way to instruction. These lessons are not one of television's success stories. "Any youngsters watching – stagger yourselves . . . My advice to Steve (Watkin) is – just get it half a yard up."

Whatever point Boycott is trying to make is underlined or emphasised with white lines. These look roughly sketched or scribbled. They have an air of the absurd about them, drawing rings around any fielding position Boycott mentions, almost always just as the fielder moves away, or putting crosses through fielding positions Boycott does not approve of.

On Saturday, a white line was used to indicate a fielder who was not visible on the screen. "And a man out of your picture, right down here," said Boycott. The line to nowhere was quickly capped with an arrowhead, to show us where the man would be if we could see him. The sooner these are done away with, the better.

I am being a hard judge. One of the reasons why the radio commentary is so much better than the television commentary is that it is evoking pictures out of nowhere, uninhibited by images in front of its listeners' eyes. A radio with voices talking through an atmosphere of its own making is a possessive force. Television is an everyday force.

However, I would not be without it. If fate forbids that I watch a Test match in person, then, like many other English cricket fans, my idea of heaven is listening to the radio commentary of England winning a Test series against the West Indies while I watch them winning it on television.

Teresa McLean

Taming of the Shrew

COLISEUM

English National Ballet opened a summer season on Monday with John Cranko's *The Taming of the Shrew*. It is a frenetic piece at the best of times – and Monday night could not be qualified as that – and the performance had the desperate air of a man trying to bale out a sinking boat with a tea-spoon. And making frenzied jokes the while.

Twenty years ago, when Cranko staged it for Marcia Haydee and Richard Cragun with his Stuttgart Ballet, *Shrew* had a light-hearted air and its two stars played their tailor-made roles with sweetest ease. Their charm, and the intense rapport between them, sustained Katherina and Petruchio's every encounter with an emotional truth. The surrounding flummery – and the group dances showed Cranko at his twitchiest – mattered little, albeit the muscular inanities of Gremio and Hortensio, and Petruchio's four servants, had a madcap abandon which were convincing for the moment.

But ENB appears straitjacketed by the choreography: no joke looks spontaneously funny; no character (save José Manuel Carreno's Petruchio) seems to understand that humour should spring from feeling rather than falling. And, of course, the ballet is cursed with a score – Kurt-Heinz Stolze's transmogrification of Scarlatti into sauerkraut – that presses like a dead weight upon dance and drama.

In a disappointing evening, it is Mr Carreno who takes his role, shakes it merrily into life, and is a worthy successor to Richard Cragun. He has the temperamental liveliness, the jaunty walk and the imperturbable good humour, that tell us all about Petruchio, and he dances with a buoyancy, a soaring élan, that are irresistible.

One other dancer, Thomas Edur, has the measure of his character. He gives such polish and technical grace to the dull Lucentio that he seems as real as any jeune premier has the right to be. But *Shrew* must ultimately stand or fall on the quality of its Katherina. Maria Teresa del Real is pugnacity itself in the more tempest-tossed scenes, but hers is too unrelenting and too boisterous a view of a character to which Haydee gave both physical and emotional vulnerability (as well as the wiry strength of a good bantam-weight boxer).

I never felt sorry for this Katherina. With Haydee's reading, compassion as well as laughter was central to our understanding: the taming of the shrew hurt us as well as her. Miss del Real, assured in technique, is also too assured in manner.

José Manuel Carreno as Petruchio and Maria Teresa del Real as Katherina

I liked Agnes Oaks' simplicity as Bianca. Her dances are mild stuff, but she shows them off with a winning prettiness. Everyone else on stage seems to have taken St Vitus as patron for their art. And as a note in passing, I record that the cast sheet refers to the two harlots who strip Petruchio to his smalls as "bar girls". It is the only touch of delicacy in the evening.

Clement Crisp

Barclays' New Stages

ROYAL COURT

The third show in Barclays' New Stages season resoundingly vindicates the idea of injecting corporate money into a traditionally underchampioned area of the arts. With *A Girl Skipping*, Graeme Miller makes a compelling case for an alternative theatre based on music, movement and a stream-of-consciousness spray of language and ideas. This the second independent work by an artist best known for his work with the now defunct Impact co-operative.

The title says it all, along with that marvellous, timeless picture of a girl caught, mid leap, above a skipping rope. Like skipping, Miller's work is an act of co-ordination and confidence, his and ours. It is to do with mining sense from the games people play; with finding adult realities in childish ritual, and childlike truths in adult performances.

A gaggle of schoolchildren squabble, fight and make up, again and again, in a show that both traces a rite of passage – from snotty-nosed infancy to bleeding-heart adulthood – and narrates the end of the world. The apocalypse is shockingly discovered in a child's belligerent improvisation on the Bible: after the four moped riders of the apocalypse come disease and death.

Then, suddenly, the deflationary wit. An earnest geometry teacher scrawls formulae on a blackboard which lead him inexorably to the conclusion, "Babel – babble". He is profoundly, pithily right: what we have been gripped by, for the last 90 minutes, is babble.

It could so easily become precious and self-indulgent, but Miller has gathered around him some of the most talented and committed performers on the circuit and has allowed their personalities to be felt, while holding them within a single artistic vision. So, for instance, in the repeated snatches of table-top percussion he allows echoes of the work of Ralf Ralf, the group founded by performer Barnaby Stone.

You don't go to Miller's theatre expecting to be passively entertained. But like all the best performance artists, he leads you on an imaginative work-out which leaves you feeling toned and oxygenated.

Claire Armitstead

Guillaume Tell

GRAND THEATRE, GENEVA

Most Swiss theatres have made an effort to mark Switzerland's 700th anniversary this year. Berne, Lausanne and Biel lavished considerable resources on new operas by local composers, none of which made much of an impression. Opera Factory Zurich is currently touring a new chamber opera by Rudolf Kelterborn, which views the Romeo and Juliet story simultaneously in three different settings – medieval Verona, the 19th century Swiss country idyll after Gottfried Keller, and a contemporary Palestinian camp in the Israeli-occupied territories. Lucerne has gone a step further by commissioning three composers to write one opera (an act apiece).

Geneva's choice of *Guillaume Tell* (staged by the young Swiss producer Reto Nickler, conducted by Gabriele Ferro) may not have been the most original contribution, but probably had more popular appeal than all the others put together. Rossini's uneven masterpiece has a long association with the Grand Théâtre – it inaugurated the building in 1879 and was revived for the centenary. Although written for Paris, the opera voices the Swiss ideals of independence and self-sufficiency with unequivocal directness. Given Switzerland's current preoccupation with the trend towards political and economic integration in Europe, these ideals are once again being put to the test.

Fortunately, Nickler made no attempt to point up the work's "relevance". By opting for an unfussy traditional presentation, he has been accused of dullness – but in fact he chose the more difficult path, and thereby did the work a service. Carlo Tommasi's single set – a stepped semi-circular platform which divided up into separate blocks – looked disappointingly wooden at the outset, but gave the production a solid, versatile foundation. Nickler grouped the chorus intelligently and engineered a commendably realistic account of the apple-shooting scene, though Tell's storm-driven row across the lake – in a minuscule boat hoisted airborne above a billowing blue canopy – was less successful.

For all its low-budget appearance, the staging told the story simply and effectively, offering no competition for the music – and what music! The melodious pastorales and valiant calls to arms, all delivered with keen splendour, suggested that this is as much a chorus opera as a tenor-and-soprano showpiece. Ferro's articulation of the filigree string accompaniments, his sense of instrumental balance (the overture treated more as a delicate pre-Romantic tone poem than an orchestral showpiece) and his command of mature Rossini style – all lent the performance a blazing commitment and authority. With more than three-and-a-half hours of music, including three ballets attractively choreographed by Alphonse Poulin, the evening was full and unflagging.

Thanks to the dignity and stature of José van Dam, Tell for once dominated the opera to which he gives his name. Van Dam, who is by no means tall or well-built, is one of those rare singers with the gift of making their presence felt even when motionless. To hear him sing in his native tongue, with all his quietly expressive nuances, allied to a timbre that so unmistakably combines nobility and humanity, was to witness a great singer-actor at the height of his powers.

Jane Eaglen's stately Mathilde (which she is to repeat at Covent Garden next season) was sung with cantabile ease, the voice sounding rich, flexible and steady. She is an honest performer, offering nothing that does not become her. The challenge now is to develop a greater intensity of expression and depth of character, which at present exists on the level of a uniform Romantic heroine. Chris Merritt's Arnold made a safe but unsubtle partner. Hans-Peter Scheidegger's Gessler was a vulgar, violent fool, heroically declaimed and fleshing out the baddie stereotype with comic flamboyance. Linda Kitchen made a plucky, boyish Jemmy, Diane Curry a dignified Hedwige, and the smaller roles were sung with equal distinction.

Andrew Clark

Milton Nascimento

ROYAL FESTIVAL HALL

The music of Brazilian singer Milton Nascimento is a sort of eco-samba: a celebration of South American music culture and a cry of help for the rainforests in one. He is one of Brazil's favourite balladeers and he can sing catchy folk and pop songs about Indians and the Amazon without being precious.

On Monday, at the height of an unseasonal downpour, he sang about how, centuries ago, Yanomani Indian lore foretold of a hole in the ozone layer and the disruption of the climate. As we steamed he crooned his Estorias da Floresta with an air of melancholy totally lacking in triteness. Later he sang sensitively of the joy of friendship and kinship (half of me exists in you, half of you exists in me) to dancing and banner waving in the auditorium.

He is something of a folk hero among Brazilians. He certainly has the sort of background that only folk heroes have. Born in Rio, he was adopted at the age of three and brought up in a small town in the mountainous state of Minas Gerais. His mother sang in a choir and his father ran the local radio station. Having left for the city he gave up on education to write music, sold a hit to an established star, went on to appear at Montreux in his own right, and, to cut a long story short, became famous.

Brazilians are not backward in coming forward to dance and celebrate music for its own sake, but Nascimento impresses nonetheless for his control. A largely Brazilian audience had filled the RFH, physically and vocally, to chant and sway to Nascimento's percussive message, delivered from a stool, centre stage. Having a large rhythm section helps. The band, similar in line-up to the personnel on his latest recording Txai (Columbia), incorporates three percussionists (a drummer and two timbaleros), electric bass and keyboards, all of which belt along with his acoustic guitar and ringing vocals.

By my reckoning Nascimento has more fire than Latin converts like David Byrne and more cred than Sting. Not only is he red hot and right-on in his white suit and white tam o'shanter, but he sings like an angel.

Garry Booth

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Lucas Vis conducts Netherlands Radio Philharmonic Orchestra and Netherlands Chamber Choir in music by Gabrieli, Willaert and Stravinsky. Tomorrow: Giulini conducts all-Beethoven programme. Fri: Yehudi Menuhin conducts Beethoven's Choral Symphony. (6718 345)
Beurs van Berlage 20.15 Oliver Knussen conducts Schoenberg Ensemble in Roberto Gerhard's Haiku, Nonet, Leo and Falla's El amor brujo. Sun at 14.00: Frans Brüggen conducts Orchestra of the 18th Century in a programme of popular Baroque and Classical music (6270 466)
Muziektheater 19.30 Frans Brüggen conducts Peter Mussbach's production of Idomeneo, with Ben Heppner in title role and Faye Robinson as Elettra. Final performance on Sat. Tomorrow: Dutch National Ballet opens a week-long season (6255 455)

ATHENS

Herod Atticus Theatre 21.00 Bolshoy Ballet production of Giselle, also tomorrow, Sat and Sun: Swan Lake (322 1459)
Lycabettus Theatre 21.00 B.B.King and Joe Pass give the second of their Athens Jazz Festival concerts. Tomorrow: Herbie Hancock, Wayne Shorter and Stephen Clarke. Fri: Elvin Jones and Jazz Machine (322 1459)

BARCELONA

Gran Teatre del Liceu 21.00 Uwe Mund conducts Goran Jarvefelt's production of Die Zauberflöte, with Kurt Moll as Sarastro and Francisco Araiza as Tamino. Also Fri and Sun (412 1466)

BERLIN

Staatsoper unter den Linden 20.00 Opera gala with young international soloists. Tomorrow: Giselle (2004 762)
Deutsche Oper 19.30 Franz Welser-Möst conducts Jean-Louis Martinoty's new production of La clemenza di Tito, with decor by Hans Schavernoch and costumes by Lore Haas. The cast is led by Lucy Peacock, Mariana Cioromila and Peter Seiffert, repeated Sat. Tomorrow: Le nozze di Figaro (3410 249)
Philharmonie Kammermusiksaal 20.00 Gary Bertini conducts Berlin Philharmonic Orchestra in Haydn's Symphony No 45, Ives' The Unanswered Question and Shostakovich's Fourteenth Symphony, with soloists Julia Varady and Dietrich Fischer-Dieskau. Also tomorrow, Sat and Sun (2614 383)

BRUSSELS

Palais des Beaux Arts 20.00 Philippe Herreweghe conducts Haydn's The Creation, with soloists Hillevi Martinpelto, Adrian Thompson and Peter Lika (507 8200)

FRANKFURT

Alte Oper 20.30 Citylights, multi-media revue with the ensemble of the Berlin Friedrichstadtpalast. Runs till Sat (1340 400)
Opernhaus 20.00 William Forsythe's ballet Artifact, music by Eva Crossman-Hecht and Bach. Also Fri and Sun (236061)
Bockenheimer Depot 19.30 Waiting for Godot, directed by Peter Palitzsch, daily till Sun (236061)
English Theater Kaiserstrasse 20.00 Alan Ayckbourn's Absurd Person Singular, daily till Sun (242 3160)

GENEVA

Victoria Hall 20.30 Michel Tabachnik conducts Tonhalle Orchestra of Zurich in a Beethoven programme. Entry is free. On Sat, Eliahu Inbal conducts the Orchestre de la Suisse Romande in music by Frank Martin, Mozart and Berlioz

LONDON

MUSIC AND DANCE
Covent Garden 20.00 Ruggero Raimondi sings title role in Attila, conducted by Mark Ermler, with Josephine Barstow as Odabella. Tomorrow and Sat: Les Contes d'Hoffmann. Fri: La Cenerentola (071 240 1066)
Coliseum 19.30 English National Ballet presents John Cranko's The Taming of the Shrew, music by Domenico Scarlatti. Also tomorrow (071 836 3161)
Royal Festival Hall 19.30 Alfred Brendel plays Mozart's Piano Concerto in B flat K595 with the Academy of St Martin-in-the-Fields conducted by Neville Marriner. The programme also includes the Haffner Symphony and Sinfonia Concertante in E flat. Tomorrow: Previn conducts Britten's War Requiem (071 928 8800)
Queen Elizabeth Hall 19.45 Ustad Imrat Khan plays the sitar in a programme of Indian classical music, with the young tabla player Sabir Khan (071 928 8800)
Barbican 19.45 Andrew Watkinson is soloist with City of London Sinfonia in a programme including Vivaldi's Four Seasons. Sun: Rita Hunter sings Wagner (071 638 8891)
THEATRE
Plays: Rose Tattoo, at the Playhouse, is a Peter Hall Company production of Tennessee Williams' play set in Louisiana in the 1940s, with Julie Walters as the mourning young widow whose spirits are lifted by the arrival of a truck driver. Harold Pinter directs a long-awaited West End revival of The Caretaker at the Comedy Theatre, with Donald Pleasance returning to the role he created in the original production, and with Colin Firth and Peter Howitt as the two threatening brothers. At the Almeida (071 359 4404), there is a last chance to see Diana Rigg as a rapturous Cleopatra in Dryden's All for Love before it closes on Sat. The Rehearsal, Anouilh's dark comedy of sexual intrigue in 1950s France, is enjoying a long run at the Garrick. For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MADRID

Auditorio Nacional de Musica 19.30 Gerd Albrecht conducts Spanish National Orchestra and Chorus in sacred music by Mozart. Tomorrow and Fri: Frans Brüggen conducts the Orchestra of the 18th Century (337 0100)

MILAN

Teatro alla Scala 20.00 Armando Gatto conducts Franco Zeffirelli's production of La bohème, with Mirella Freni as Mimi, Roberto Alagna as Rodolfo and Gino Quilico as Marcello, also Fri. Tomorrow, Sat and next Mon: Riccardo Muti conducts Attila (7200 3744)

MUNICH

Philharmonie 20.00 Hans Rudolf Zobeley conducts Mendelssohn's Elijah, with soloists Julie Kaufmann, Cornelia Kallisch, Aldo Baldin and Siegmund Nimsgern. Sun: Miles Davis concert (48098 614)

NEW YORK

New York State Theater 20.00 NY City Ballet in works by Balanchine and Jerome Robbins. Season ends on Sun (870 5570)
Metropolitan Opera 20.00 Bolshoy Opera production of Eugene Onegin, also tomorrow. Fri and Sat: Rimsky-Korsakov's opera-ballet Mlada (362 6000)

PARIS

Palais Garnier 19.30 Opera Ballet in works by Jerome Robbins, Twyla Tharp and William Forsythe. Also tomorrow, Fri and Sat (4742 5371)
Théâtre de la Ville 20.30 Pina Bausch's Tanztheater Wuppertal. Also Fri and Sat (4274 2277)
Opéra Comique 19.30 Offenbach operetta double-bill staged by Guy Coutance and conducted by Dominique Debart, with the Ensemble Instrumental de Basse-Normandie. Runs till next Wed, except Mon (4286 8883)
Centre Pompidou 20.30 World premiere of Philippe Manoury's Neptune, an Ircam production. In the first half of the evening, the composer will introduce the new work. Repeated tomorrow (4260 9427)

VIENNA

Staatsoper 18.00 Horst Stein conducts Die Frau ohne Schatten, with Ute Vinzing as the Dyer's Wife, Mechthild Gessendorf as thrrow: Tosca. Fri: Fidelio. Sat: Der ferne Klang. Sun: Otello (51444 2960)

ZURICH

Opernhaus 18.00 Ralf Weikert conducts Claus Helmut Drese's production of Siegfried, with George Gray in title role, Robert Hale as the Wanderer and Gwyneth Jones as Brünnhilde, repeated on Sun. Tomorrow and Sat: Europeras by John Cage (251 0909)
Theater 11 20.00 Merce Cunningham Dance Company in two works with music by John Cage, also tomorrow (251 5900)
Schauspielhaus 20.00 James Joyce's Exiles, directed by Peter Palitzsch, also Fri and Sat. Tomorrow: Thomas Hurlimann's new play The Envoy (251 1111)

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Sky News
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2130 (Thurs) Financial Times Business Weekly

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Wednesday June 26 1991

The challenge for Yugoslavia

YESTERDAY, the Yugoslav experiment came to an end with the "declarations of independence" by Croatia and Slovenia. Thus ends the wishful thinking of western governments that this multi-ethnic, multi-lingual and multi-cultural state should succeed, and be preserved. It was easy to do this when the instruments of coercion available to the ruling Communist party were used to suppress ethnic identity and *stifle economic reforms. But* spurred on by events across eastern Europe, Yugoslavia's six republics last year held free elections. At first, western governments could breath a sigh of relief; the country was on the path towards democratisation. But what these governments failed to acknowledge is that unity and democracy may be incompatible in Yugoslavia. They have never co-existed for any sustained period since its foundation in 1918.

It is easy to understand why Mr James Baker, the US secretary of state, and officials from the European Community, have publicly pleaded for the six republics to remain together in a peaceful, united Yugoslavia. They fear that if they lend support to Slovenia's or Croatia's independence it *will send out the wrong signals* to the Baltic states, to Georgia, and to Slovakia. They have defended their position by saying a united Yugoslavia contributes to stability at home, and throughout the Balkans. This is not necessarily so.

Maintaining a united Yugoslavia under the present status quo is contributing to instability. The public rhetoric of western governments reinforces the position of Serbia, the largest republic, at the expense of the fragile democratic governments in the other republics.

Greater Serbia

Serbia's authoritarian president, Mr Slobodan Milosevic, opposes any breakup of the federation essentially because it would erode Serbia's influence. His determination to keep the country together on his terms has precipitated its breakup. He has reawakened the idea of a Greater Serbia in which all Serbs living outside Serbia's borders would be united. This has rekindled the deep hatred and mutual suspicion between Serbs and Croats. Croatia, in all but name, has suspended its democratic institutions under the pretext of defending itself against Serbia's ambitions. Slovenia wants nothing to do with a Yugoslavia dominated by Serbia, or one in which ethnic rivalries dictate the agenda.

Western response

Western policy statements *contribute to instability in* another way. The governments of Croatia and Slovenia were democratically elected last year. These republics have also held a referendum on independence - Slovenia out of desperation. It had repeatedly tried to negotiate the terms of a looser confederation with the federal government, but the government refused to listen. The federal army then tried to intimidate the republic, but Slovenia stood firm. Its government is understandably disappointed by the western response.

Sooner or later, western governments will have to respond in a radically different way to these declarations of independence. That means addressing the position of ethnic minorities, not only in Yugoslavia, but in eastern Europe and the *Soviet Union. Without this, the* independence debate is meaningless.

The conditions under which independence will be recognised should be clearly spelt out: governments should be democratically elected; ethnic minority rights should be fully respected; external borders should not be violated; internal borders should not be changed, except through peaceful negotiations; an explicit commitment should be made to political and economic pluralism.

Western governments, and others which favour the status quo in Yugoslavia, will baulk at these conditions. But the time has come to apply both courage and imagination in confronting the rise of ethnicity in eastern Europe and the Soviet Union. Fear and self-interest has *in the past often* allowed both the central authorities, and the republics, to abuse their own minorities. The CSCE meeting in Berlin opened the window of opportunity to intervene. It should now be used. It could save Yugoslavia.

Silent watchdog

THE National Rivers Authority has been repeatedly described by *ministers as the "strongest* environmental agency in Europe". Set up after water was privatised, it has responsibility for enforcing environmental standards set by ministers. A separate Office of Water Services ensures that no matter how stringent the environmental objectives, water companies do not raise charges excessively. This is meant to avoid the conflict of interests repeatedly experienced when water was in state hands, with ministers failing to force water companies to clean up the UK's water because they were also responsible for water charges.

Now midway through his five-year term, the NRA's chief executive Mr John Bowman has suddenly left office "by mutual agreement". The news took the industry by surprise. *Has Mr Bowman fallen out* with the NRA's high profile chairman – the former cabinet minister Lord Crickhowell – over the pace of the clean-up of rivers? Or was it, as one report alleged, a confrontation with the Inspectorate of Pollution which had irritated ministers?

The statement announcing the resignation spoke of "short-*comings in internal manage*ment arrangements". Does this mean Mr Bowman was a poor manager? Or something else? Or had Mr Bowman fallen out with the powerful regional officials the NRA inherited from the regional water authorities?

The answer may never emerge. Mr Bowman is saying nothing, perhaps as a condition of his departure settlement, reputed to be £125,000.

Such settlements are not unusual in business where the silence of the departing executive is worth buying to preserve commercial confidentiality. In the civil service, an official who falls foul of the boss puts up with it or quietly resigns. But buying silence in a government watchdog leaves a bad taste in the mouth – especially in a body designed to *bring transparency and independence* to regulation.

Watchdogs are there to bark: they should not fall silent leaving significant questions of public policy unanswered. The environment select committee should ask some searching questions.

A Royal liberty

THE MOST important member of the Queen's staff is undoubtedly the least known. *He is the* Most Exalted Finder and Sorter of the Royal Dividend Vouchers. If he does not exist, Her Majesty would do well to invent him, since under an arrangement made by her father the Inland Revenue refunds tax deducted at source. No wonder people imagine they hear the cry "what has happened to my divis?" ringing through the railings at Buckingham Palace. This right royal liberty is worth some £7.3m a year according to current rumours. The figure is a guess, since no outsiders know what is held through Bank of England nominees, and how much income tax is paid.

Mr Phillip Hall has produced a new book, Royal Fortune, on the subject. Mr Simon Hughes, Liberal Democrat MP, proposes to introduce a bill obliging the royal family to pay tax on its private wealth. Polling evidence suggests that there is widespread support for the proposition. This is understandable. The Queen and her relatives receive indexed payments from the civil list; these should cover the costs of being royal. Taxpayers cheerfully finance the upkeep of the major palaces, the yacht, and the like.

A private investment portfolio is another matter. The constitutional argument that the monarch cannot tax herself is anachronistic: in real life the government, not Her Majesty, raises taxes and spends the proceeds. In any event it appears from Mr Hall's researches that it was not until some time between 1937 and 1952 that George VI started the practice of reclaiming income tax deducted at source.

This would not have happened if there were more transparency in the conduct of our affairs. The government should come clean about the Queen's sources of finance. Perhaps the Audit Commission might essay a value-for-money report. The Queen has little to fear from such an exercise. She is an asset to the country, not least to its tourist and publishing industries. But her father's little tax dodge should be discontinued.

The end of the cold war in Europe has changed attitudes to military conscription. David White looks at a system in flux

When Johnny marches away

The faces of military service: 83 countries conscript in one form or another

In Mexico they do it by lottery. North Koreans spend at least five years doing it, while for Swedes it may be only five months. South Africa only makes whites do it, but others may volunteer, Paraguay has people doing it in the navy, even though the sea is 400 miles away.

Compulsory military service: in most countries it is part of the way of life – including most of Europe. But the various European conscription systems are now being increasingly called into question. Post-cold war arms reductions mean fewer conscripts are needed; post-cold war military planning raises the question of what conscripts would be used for, anyway. Conscription itself may well be on the decline.

Other west European countries stuck with military service when the UK dropped it. The final registrations for UK national service took place 30 years ago, and the last man was *demobbed in May* 1963. Three times this century Britain has introduced conscription – in 1916, 1939 and 1947 – and three times discontinued it.

Although military obligations were part of its feudal customs, Britain has tended to regard conscription with distaste. The attitude is shared by most of its one-time colonies and dominions. Very few of these now enforce military service. By contrast, there is conscription not only in most of the world's poorer countries but throughout the non-English-speaking industrialised world, with the exception only of Japan and little countries such as Luxembourg.

Out of 140 sovereign countries with their own armed forces, 83 have conscription in some form, obliging all or some of their young men (and in a few cases young women, too, in Israel for instance) to serve in uniform or, where the alternative is permitted, to perform community work. Worldwide, *it makes a commandeered workforce* of about 10m.

Détente has made this into another area of excess manpower. In Europe, military service has been undergoing changes in line with declining defence needs. The war in the Gulf has now prompted further re-examination. The lesson it brought home was that in most kinds of conflict in which western countries might foreseeably be involved, conscript forces would have little or no role to play.

No conscripts were among western combat troops sent to fight against Iraq. France, which unlike the US or Britain does have compulsory military service, dispatched only professional soldiers and airmen. As a result, it had difficulty getting complete army units together. It had some conscripts on warships, but ordered them to be moved out of the Gulf itself just before the war began.

Rethinking about the use of con*scripts is going on in Germany, too,* where it is linked to a debate about the extent of the country's military responsibilities and possible future participation in UN operations. Any such new role would be assigned to a "core" of professional servicemen. Both the French and Germans are working towards a distinction between conscript units dedicated to home defence, and all-volunteer forces available for foreign operations.

The length of military service is already being reduced in most west and east Europe countries. Up to two years ago, the Bonn government was pressing ahead with an unpopular plan to extend the period from 15 to 18 months in order to maintain force levels. But it retreated, and then cut the requirement to 12 months with effect from last October, on the eve of unification. The Dutch have also come down to a 12-month minimum and aim to reduce their total of conscripts by *almost half* by 1995.

Greece has reduced its minimum requirement to 15 months, and plans for reduction are afoot in Turkey. France and Spain, where conscripts serve 12 months unless they volunteer for an extension, are both due to reduce the period, to 10 months and nine months respectively. Polls in Spain have shown a majority in favour of abolishing military service altogether. Portugal has already cut its minimum to eight months and plans a further reduction.

Neutral Sweden is experimenting with the time spent by conscripts in training – mainly to help curb the government's budget deficit. About a *third are taking part in a trial five*-month minimum stint while others do up to 15 months. More will be brought into the experiment this summer.

Since the beginning of last year, Romania, Bulgaria, Czechoslovakia, Hungary and Poland have all made reductions, so that the norm in eastern Europe is now between 12 and 18 months. Even Cuba recently cut its requirement from three years to two.

But it is in the Soviet Union, with its 3m conscripts, that the greatest challenges to the system are being faced. Moscow has begun to test the merits of moving towards a more professional structure. The experiment is being undertaken in the navy, where up to now sea-going conscripts have had to serve for three years. The compulsory period is being reduced to two years, but with the option of serving the extended period under contract, with a salary in place of the conscript's monthly allowances, as low as *10 roubles a month. In the other ser*vices, a reduction in the current two-year stint has been under consideration, along with plans for alternative service for people unwilling to join the armed forces.

Resistance to Soviet conscription has increased sharply. Following last autumn's call-up, more than 20 per cent were reckoned to have failed to respond by January. Bullying of young conscripts and the use of the army to deal with ethnic conflicts and independence movements have caused public uproar. In January, crack troops were sent to enforce conscription in the Baltic republics, Georgia, Armenia, Moldavia and parts of *the Ukraine. The next month Georgia* became the first republic to move towards forming an alternative to the Soviet army, voting to conscript young men for a new national guard.

Polls in Spain have shown a majority in favour of abolishing military service outright

Even in republics loyal to Moscow, pressures are growing to prevent conscripts being sent outside their home region.

The idea of moving to all-volunteer forces has been aired in the last year. But it appears unlikely to happen in the near future. Colonel Valery Ochirov, deputy chairman of the Soviet parliament's defence committee, says there would not be enough volunteers *for the army if there was no compul*sion to serve.

"The armed forces have been discredited quite seriously in ideological and political terms," he says. Unless total numbers were to be drastically reduced, the country could probably not now afford the cost of paying a professional army.

Arguments for and against conscription go to the heart of *ideas* of nationhood, on the one hand, and of individual liberty on the other.

The case against is that it is a waste of human resources, usually seen as a waste of time by those who take part. Avoidance of national service has frequently been a cause of *emigration: for example, many young* Portuguese who went to France to escape the four-year draft in force during the country's African wars. South African whites until quite recently faced a two-year draft, plus follow-up obligations, until the basic period was halved.

In military terms, some see drawbacks, others benefits. "Conscription tends to produce good soldier material," Gen Sir John Hackett, a former British army commander in Germany, wrote in a book called The Profession of Arms, "but this is only available for a short time in service. It probably reduces volunteer potential in the general community. It also probably makes it harder to build up a cadre of non-commissioned officers in the service." The British army had become more "professional" after National Service was ended. Conscription inhibited professionalism in obliging junior and middle-ranking officers to *spend much of their time training* people in elementary skills.

Senior German officers counter with the argument that conscription brings a "good average" of the population into the services – not always the case, they say, in a volunteer army. It injects skills from outside, keeps officers on their toes, and provides a big reserve of trained soldiers who could be mobilised rapidly in an emergency.

Conscription is seen by its advocates as the means for defending both a state itself and its political values. "Conscription," said Napoleon, "is the vitality of a nation, the purification of *its morality*, the real foundation of all its habits". Friedrich Engels was another supporter, stating 100 years ago that "contrary to appearances, compulsory military service surpasses general franchise as a democratic agency". The turn-of-century French Socialist Jean Jaurès also believed (wrongly) that conscript armies would restrain governments from undertaking military adventures.

Even where its usefulness is widely challenged, conscription is not easily abandoned. In Sweden, *for instance*, there is concern about rising youth unemployment and the impact if the numbers taken into military service are reduced.

In Switzerland, bastion of the citizens' militia principle, the obligations are among the most onerous: after 17 weeks basic training, all males have to keep returning for periods in uniform over the next 30 years, with objectors doing medical service. The higher ranking one is, the more time one spends. In November 1989, the Swiss got a chance to abolish their army but voted against.

French and German youth does not necessarily like military service, but both countries have yet to shake off *their ideological attachment to it.* In France it is linked to the early days of the republic, to the citizens' army that defeated the Duke of Brunswick's Prussians at Valmy in 1792, and the subsequent *levée en masse* summoning all to help the military effort.

The present Socialist government stands by the system, against former President Valéry Giscard d'Estaing, who declared himself two years ago in favour of scrapping it. Some in the Socialist party agree with Mr Giscard, but they tend to keep quiet about it. Others think the idea of a period serving the community should stay, but should be organised more usefully.

In Germany conscription also has a history going back to the Napoleonic wars. It was established in Prussia from 1814 and in all Germany from 1871. It did not exist during the inter-war Weimar Republic, but that is a period of unpleasant memories. The belief that citizens in uniform are more trustworthy than *professional* standing armies is firmly entrenched. On the other hand, military service is increasingly unpopular. Recent years have seen an upsurge in the number of conscientious objectors, who can do other kinds of service but have to spend three months extra. No political *leader is championing the idea of abo*lition. But it is a latent theme. German officers say that cutting the time of service much more, on the Swedish model, would make it hard to provide proper training. Another way in which countries might respond to lower requirements would be to restrict the intake, but this would risk building up resentment against an unequal system.

Countries like France and Germany may not keep up conscription for ever. But the moment when they decide to drop it in favour of all-regular armies may have to wait until their force requirements are very much smaller than the levels they are already being reduced to. The oddness of the present situation is that the same trend towards defence cuts that allows conscription periods to be reduced also – because of pressures on costs – works against the abolition of compulsory service. In the last *analysis, it is always cheaper pressing* youths into service than hiring them off the streets.

Additional reporting by Leyla Boulton in Moscow and Robert Taylor in Stockholm.

OBSERVER

Out east, but not gone west

■ There *is* life after resignation in Japan. Apart from the few executives so overcome by shame that they resort to ritual disembowelment, disgraced company officials can generally look forward to a post as an adviser with company car, reasonable income and, perhaps, a lingering reputation as an elder statesman of the corporate world.

Both Yoshihisa Tabuchi, ex-president of Nomura Securities, and his Nikko counterpart Takuya Iwasaki will be given the consolation prize of "vice-chairman", having taken the rap for their companies' misbehaviour.

While executives are generally expected to maintain a lower profile after taking their resignation bow, politicians are more resilient. Take for instance two of the more prominent figures during the Recruit stocks-for-favours scandal in 1989: Yasuhiro Nakasone and Noboru Takeshita.

Nakasone – who left the ruling Liberal Democratic Party and became an independent candidate at the last election – now feels he has done his time in political purgatory. So he has rejoined the party, to the apparent surprise of Prime Minister Toshiki Kaifu.

Meanwhile Takeshita, who was forced to resign as premier, feels ripe for another term at the top, and has joined the queue of LDP factional heads waiting their turn.

Monopoly

■ Can any economist, market-maker or street trader make sense of the prices paid in yesterday's auction of the City of London's most famous street signs?

It is perhaps not surprising that Fleet Street went for £16,000 given all the publicity hype, and maybe secret Bank of England intervention had something to do with the inflated £12,000 tag put on Threadneedle Street. But why was Moorgate, first port of call for so many of the American euromarket pioneers, worth only £900?

Cheapside lived up to its name, *commanding* a measly £850, and Watling Street did even worse. Once upon a time US banks would have fallen over themselves to hang that one on their wall. Lombard Street, the snootiest banking address in town, went for less than the price of a second-hand car. And why is Pudding Lane deemed twice as valuable as Poultry – because London's Great Fire started there?

Fidel's bulletin

■ The clearest sign that Cuban dictator Fidel Castro's days are numbered has emerged. His government yesterday decided to bring to trial four medical workers arrested last October charged with plotting to blow up their leader with dynamite.

Either 64-year-old Castro is no great student of marxist history, or he must feel himself immune from the threat of historical coincidence.

A short time before *he* died, Joseph Stalin had several doctors arrested on charges that they had plotted to poison him.

About turn

■ Was it only four years ago that Reed was prepared to pay £535m to bag Paul Hamlyn's Octopus, Britain's biggest independent publisher? Now Reed has chipped in £1m for a 30 per cent stake in Sinclair-Stevenson, perhaps the best known of the current clutch of fledgling independent publishing houses.

"There could be an opening for a British Ambassador to the European Superstate."

Despite all the brave talk, it marks a major about-turn for Christopher Sinclair-Stevenson, a celebrated literary figure who quit Hamish Hamilton last year to plough an independent furrow.

With the backing of men like Tim Waterstone, Sir Martin Jacomb and Lord Rees-Mogg, Sinclair-Stevenson was not without friends in high places. But 3i, the small firm's friend and a shareholder, seemed to have been insisting on some pretty stiff re-financing terms.

These days publishing is a bit like bookmaking – all about laying off risk. And, unlike Hamlyn, Sinclair-Stevenson is not a business-man above all else.

Weekend flit

■ This weekend removal vans will arrive at Saatchi & Saatchi's opulent headquarters on Berkeley Square in Mayfair to shift the group to dowdier offices at the back of its advertising agency in Fitzrovia.

The move is part of the cost-cutting initiative unveiled earlier this year by Saatchi's chief executive Robert Louis-Dreyfus, as part of the financial rescue of the ailing advertising group.

All its main board directors will move to Fitzrovia except for Charles and Maurice Saatchi themselves. The brothers are staying in their expensive eyrie on the seventh floor of Berkeley Square, together with *the team handling the sensi*tive Tory Party advertising account.

The group hopes to sub-let the rest of the floor, but will keep the master lease. So the enormous Saatchi & Saatchi logo emblazoned across the building's Berkeley Square facade is there to stay.

Helsinki vocans

■ Latin is unlikely to become the lingua franca of the new Europe but it is staging a revival at the moment in of all places - Finland, a country with one of the most impenetrable languages.

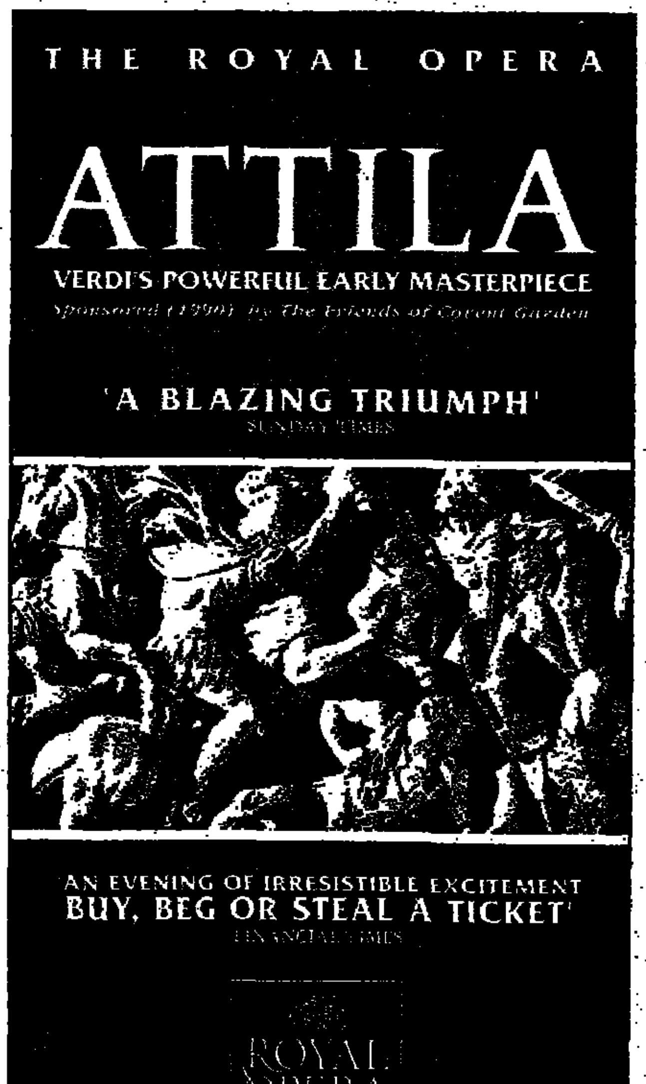
Since September 1989 Finnish radio has been broadcasting five minutes a week of news in Latin on its shortwave channels at a modest cost of FM100,000. To judge by its mail bag the Latin service has a growing number of listeners among the 15m Europeans who are believed to be able to understand the language.

The idea seems to be catching on. Austria is believed to be planning to do the same.

PR speak

■ A new low in prose style has been recorded by Scottish Widows. Launching a school-fees plan yesterday, the life company referred in its press release to helping parents with the cost of *"educationing* their children."

Presumably the plan does not cover English language lessons.



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LETTERS

Encouraged to sell to Japan

From Mr John D Rolfe.

Sir, British businessmen seeking a firmer path through the present economic morass would do well to look eastward to Japan.

The recently-launched Priority Japan Campaign promoting opportunities for British companies trading with Japan is a timely move by the DTI.

In my experience, the Japanese offer financial incentives extremely attractive to British companies wishing to sell there, with Japanese experts to hand to give all the advice needed, not to mention, in our case, the offer of an expenses-paid visit to Japan to see local markets at first hand.

We found the Japanese pouring $1m a year into tax breaks to encourage their home-based manufacturers to bring in foreign goods.

We found massive tariff reductions on large-scale imports to Japan and over $100m spent on import promotions.

All this and much, much more as they say.

My company is among the most diversified in the UK, so this was music to our ears.

Our appearance on the Japanese scene is beginning to pay dividends. Sales of our fashion knitwear have doubled, year to year, and we expect they will reach £2m-plus in the next 12 months.

And we are currently processing a flood of enquiries for our wheelchair products after participating in a Japanese medical exhibition.

I can only say that if Japan is intent on becoming the world's import superpower, let's give a helping hand!

John D Rolfe,
marketing director,
Remploy,
415 Edgware Road, NW2

Something awry in allied defence procurement

From Lord Inglewood MEP.

Sir, I found your account of the background to the government's purchase of the Challenger 2 Main Battle Tank ("Big guns hit the target", June 22) most revealing. While naturally I wish Vickers well with the Challenger 2, surely the story you tell suggests something awry in allied defence procurement.

The fact is that, over a four year period, if not longer, four companies, three of them European, spent vast amounts of money chasing an order that in the end was for only 140 or so tanks. But the result of this decision, regardless of the merits of the individual tanks, is that the four main front line national forces are now set to deploy four different tanks, with three different guns and sets of ammunition. And this out of a total allowed under the CFE agreement of 10,573 tanks on the central European front for the four countries.

The need for European level rationalisation of the defence industry, and European level defence procurements, seems to me to scream from the columns of your article.

Lord Inglewood,
Hutton-in-the Forest,
Penrith,
Cumbria

Real culprits in Davy's demise

From Mr Deryck L Thornley.

Sir, Your reports and analyses of the beleaguered Davy Corporation (June 21) take a typically "City" view, blaming mismanagement and small size for the demise of this once great British engineering group to which we all owe much for past innovation, skill and export effort.

Perhaps the most reprehensible element was your advice to shareholders to forsake the company, leaving the banks to "pick up the pieces".

Surely the real culprits are the "fixed price tender" employers (of whom there are too many in the construction and engineering industries) which refuse to take a share in the high risk ventures that will yield their future profits.

Deryck Thornley,
Keystones,
Knotty Green,
Beaconsfield, Bucks.

Truth, politics and research

From Mr William Pitt.

Sir, Your Leader, "The price of Labour" (June 21), ascribes the plausibility of Conservative costings of Labour pledges to the work of civil servants. You also rather sententiously give credit to the Conservatives for seeking to support "that frailest of all plants, truth in politics".

In truth, the Conservatives have arrayed their highly disputable predictions in the livery of an official government White Paper, having enlisted the help of supposedly apolitical civil servants to lend credibility to party political propaganda.

The research you so warmly praise should have been carried out by party workers at Smith Square, not civil servants in Whitehall.

William Pitt,
8 Gainsborough Gardens,
London NW3 1BJ

Competition for top jobs

From Mr James McFarlane.

Sir, If, since privatisation, the jobs of the top managers in the public utilities have really become so much more arduous and demanding as to justify their astounding salary increases, it seems to me that these jobs should have been opened to competitive applications, rather than simply awarded to the sitting tenant.

I am sure there are many in the private sector who would have jumped at the chance of offering themselves for such well-paid jobs in businesses that are fortunate enough to supply essential commodities to tied customers with minimal competition.

The operation of such a free market in the jobs, if not in the products, would have ensured the best possible match between the job to be done, the salary to be paid for it and the person to do it.

James McFarlane,
24 Broad Street,
Ludlow,
Shropshire

Guessing game

From A F G Lewis.

Sir, Your Observer tailpiece ("Bottom line", June 20) prompts me to ask whether anyone can define the meaning of "second-guess". Perhaps, like weather conditions, pre-planning, pro-active and gale force winds, it is part of the modern disease of tautology.

A F G Lewis,
16 Battings Wood Gardens,
Naphill,
High Wycombe

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Lloyd's: archaic and declining or just seeking equitable treatment?

From Ms Diane Abbott MP.

Sir, The recent attempts to obtain tens of millions of taxpayers' money in tax relief for Lloyd's are, thank goodness, politically dead in the water.

To date, Lloyd's has had 23 unbroken years of profit. The cumulative value of Lloyd's profit over these years is £8,305bn in 1990-1991 prices. So there was never any reason why, despite certain sad individual cases, Lloyd's as a whole could not absorb a few bad years. But much of the sympathy for Lloyd's, in certain political quarters, was based on a notion of the significance of Lloyd's to the economy; this owed more to Lloyd's public relations department than current reality.

The insurance sector generally is in decline. Its overseas income has dropped by 55 per cent since 1986. And, within the sector, Lloyd's itself is in even sharper decline. In 1966 Lloyd's overseas insurance income as a percentage of the UK's total overseas insurance income was 100 per cent. By the mid-1970s it had dropped to 80 per cent. In 1989 it was only 35 per cent.

Total income of Lloyd's as a percentage of GDP has also plummeted. There was a brief rally in 1987-1988 but in 1989 it had slumped to 0.04 per cent. Friends of Lloyd's will say these problems are cyclical, but the pattern of figures suggests that they are systemic and are probably due to the liberalisation of the financial markets since 1979.

Far from being a glorious legacy of empire, Lloyd's is an archaic part of a declining sector and it neither needs or deserves indirect subsidy from the taxpayer.

Diane Abbott,
House of Commons,
Westminster, SW1

From Mr Jonathan Fox and Ms Sandra Fox.

Sir, It seems from recent publicity concerning the plight of Lloyd's Names that on no account may they be allowed to suffer too much financial loss or indeed the ultimate indignity of bankruptcy. But what of all the thousands of small businessmen who, as a result of economic conditions beyond their control (but well within the control of the government), are going into bankruptcy every day? What of all those who are daily losing their jobs? Are they not just as worthy to be bailed out? It seems to us that there is something of a double standard operating here and one which lacks a certain morality and justice.

Jonathan Fox,
Sandra Fox,
Marton Lodge,
Marton-in-the-Forest,
Stillington, York

From Mr Stephen Phillips.

Sir, Many Tory MPs say they may not feel able to vote on matters affecting Lloyd's as they are members of Lloyd's or have indirect interests.

No doubt Labour MPs will similarly refrain from voting on matters affecting trades unions.

Your article ("Decision on Lloyd's relief likely next month", June 19) refers to aid to loss-making Names, and much press coverage must leave the public with the impression that some form of cash assistance is involved.

This is not the case. Lloyd's profits are taxed like any other and in equity Lloyd's losses should be relieved like any other. All that is asked is that a budget change, proposed to assist others suffering losses, should be applied equally to Lloyd's names.

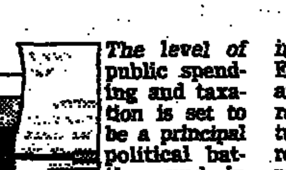
Far from involving cash subsidy the proposal affects only the timing of loss relief, not its amount or availability.

Stephen Phillips,
Hygicare,
Unit 22,
Whitegate Industrial Estate,
Wrexham, Clwyd

PERSONAL VIEW

Why Britain can afford a European-style welfare state

By Bob Rowthorn



The level of public spending and taxation is set to be a principal political battleground in the run-up to the next British general election. Labour will accuse the government of deliberately starving the public sector of funds; the Tories will attack Labour spending plans and argue that their own policies will both make the public sector more efficient and provide scope for tax cuts; from the sidelines, the Liberal Democrats will denounce the other parties for either callousness or wishful thinking.

What is missing from the debate so far, however, is a sense of the international and historical context. The fact is that over the past 20 years, Britain has fallen behind its main European partners in two important areas: government spending and government revenues both as a share of gross domestic product. As European political and economic integration gathers pace, the UK is seen as increasingly out of line with its partners in these crucial areas. Yet this need not be so; notwithstanding the bogus claims and misleading statistics currently being circulated, Britain is rich enough to reverse these anomalies.

In 1969 the UK had the third highest ratio of government spending to GDP in the west, surpassed only by the Netherlands and Sweden. It now has one of the lowest ratios in Europe and the government accounts for a lower share of total spending in the UK than in any other country in the European Community. Taxes and other kinds of government revenue provide a similar picture. The share of government revenue in GDP in the UK is now much the same as it was 20 years ago, while in most other western countries there has been a big increase.

A feature of Tory tax policies has been the huge cut in taxes on upper incomes. When the Thatcher government took office, tax rates at the top end of the scale were among the highest in the west. Now they are among the lowest. Nineteen OECD countries now have a top rate of personal income tax significantly higher than in the UK. Only in the US, Iceland and New Zealand do the well-off pay a lower marginal rate of income tax than in Britain. Most notable, perhaps, is the case of Japan, where a top rate of 65 per cent scarcely seems to have dampened the people's economic dynamism.

It is sometimes argued that other European countries can afford high levels of government expenditure because they are richer than the UK. This argument is not supported by the evidence. According to the latest OECD statistics, GDP per capita in the UK is now greater than in Austria, Belgium, Italy and the Netherlands, and is only marginally less than in Denmark or France. All these countries have levels of government expenditure well in excess of the UK. And in most of them, taxes absorb a much greater share of GDP than in Britain.

The contrast between the welfare state in Britain and continental Europe does not result from relative levels of wealth; it is the outcome of a deliberate policy of the Thatcher government to hold down public spending and reduce taxes during the 1980s. Employment in education was reduced; growth in employment in the health service was less than required; salaries for government employees rose more slowly than their equivalents in the private sector; public sector investment was severely curtailed in areas such as housing, schools and railways; the link was broken between social security benefits and average earnings. Through these measures the Thatcher government saved more than £20bn a year in public expenditure, sufficient to allow for large cuts in taxes.

Given the rise in average real earnings which occurred during the 1980s, there was no need to reduce the overall tax burden. On the contrary, it would have been relatively painless, and politically feasible, to increase this burden gradually, thereby generating the funds required to support a European-style welfare state. In the event, for its own ideological reasons, the Thatcher government did the opposite.

It seems inevitable that the pressures of European political and monetary convergence will eventually force the UK to upgrade its welfare state to the European norm, and this will require a big rise in the share of taxes in national income.

So how will it be achieved?

The Tories are promising to combine a European-style welfare state with US-style tax rates, which is clearly impossible. With current tax rates the crisis in the welfare state will continue indefinitely; and if the Tories cut taxes still further the result will be disaster.

For its part, mainly for electoral reasons, Labour decided some time ago to accept the broad outlines of the Thatcher tax reforms. With an election due at the latest in June 1992, it would be electoral suicide for Labour to switch policies and start advocating a significant rise in taxation.

It is conceivable that events beyond its control might force a future Labour government to raise taxes. Persistent high unemployment, for example, would severely strain the finances of a Labour government. The obvious solution would be to borrow heavily; but this might force up interest rates and exacerbate an already bleak economic situation. Labour would thus face a stark choice between unpopular tax increases or unpopular cuts in public spending. Under these conditions, it might well choose the former.

In any event, it is likely that political opinion at home, together with the wider pressures of European integration, will eventually force improvements in the welfare state which can only be financed by increased taxes. The debate will then be, not whether taxes should be increased, but in what form these increases should implemented and on whose shoulders the burden should fall.

The author is professor of economics at Cambridge University. This is an abridged version of an article in the July edition of Marxism Today.

Edward Mortimer

Take your leader to us

It is time for more forceful direction at the UN. The world's disadvantaged depend on it

FOREIGN AFFAIRS

Something is badly wrong with the international system.

Billions of dollars were spent, tens of thousands of lives sacrificed, and (most difficult of all) the work schedules of many world leaders turned upside down, in order to rescue the 2m inhabitants of Kuwait, many of whom have meanwhile left the country while others seem to be little or no better treated by the restored "legitimate" government than they were by the invading Iraqis.

Only a tiny fraction of that expense and effort is being devoted to the much larger and more difficult task of rescuing 30m Africans from death by starvation.

Not surprisingly the director of the British charity Oxfam, Frank Judd (who took his seat in the House of Lords yesterday), feels that priorities have gone wrong somewhere, and that at least some of the technical and organisational brilliance displayed in the Gulf war should now be devoted to dealing with famine. He has called for a "humanitarian Schwarzkopf".

But Lord Judd is not only good at headline-catching phrases. As a former politician he also knows the virtue of putting forward practical proposals, and of citing precedent to prove they are realistic. He recalls that in 1985 – the last time there was a big African famine – the United Nations secretary-general set up an Office for Emergency Operations in Africa (OEOA) to co-ordinate the relief efforts.

This was necessary because there are too many different operational agencies within the UN system: the UN Development Programme (UNDP), the UN Children's Fund (UNICEF), the UN High Commissioner for Refugees (UNCR), the World Food Programme (WFP), the UN Disaster Relief Organisation (UNDRO), and so on. All of these have a role to play in coping with emergencies, but each tends to operate in its own way and often jealousies develop between them. The director of OEOA, Mr Bradford Morse, was an experienced American politician with high-level access to leaders all over the world, which he used energetically to raise funds and to clear administrative bottlenecks.

Under him as executive co-ordinator was Mr Maurice Strong, a Canadian multimillionaire with long experience of working for the UN, particularly on environmental issues, who was brought back into the UN with the rank of under-secretary-general. (He is now organising next year's environmental summit in Rio de Janeiro.)

Between them Mr Morse and Mr Strong, with a small directorate composed of representatives from the various operational agencies, were able to galvanise the UN system into a co-ordinated effort. Lord Judd remembers with nostalgia the enthusiasm and efficiency that characterised their New York office, in contrast to so much of the UN's bureaucratic routine.

OEOA was disbanded after the famine, in November 1986, but with the understanding that it could be re-established if need arose. Need has now arisen, in spades, and Lord Judd has been waging a vigorous campaign to get OEOA re-established. He may be on the verge of success, as the secretary-general has agreed to call a meeting on the subject tomorrow – to be attended by the heads of the various UN agencies, by donor governments and, for the first time, the NGOs themselves.

But it is perilously late, when so many people are already starving. Clearly the world needs a capacity to respond promptly to crises whenever and wherever they happen, without waiting to get its act together each time when disaster has already struck. Hence the Anglo-German proposal, and a closely parallel American one, for a permanent UN executive commissioner to co-ordinate disaster relief: an idea which is likely to be discussed at the G7 summit in London next month.

Ironically the main political impetus for it comes not from the appalling failure in Africa but from the half-success of western governments in sending help to the Iraqi Kurds, an operation fraught with risks into which the US administration, especially, was bounced against its own judgment. In future, governments would much prefer such operations to be undertaken by the UN, under agreed ground rules.

The proposed commissioner would be a senior figure of international standing, with a broad mandate (presumably from the Security Council) to co-ordinate the activities of all UN agencies and NGOs in dealing with humanitarian emergencies, He (or she) should be able to override the terms of reference of particular agencies, so that, for instance, UNHCR under his authority would be able to deal with "displaced persons" within state frontiers, as well as refugees proper (who have to have crossed an international boundary).

On the identity and calibre of the secretary-general depend, as much as on anything, the chances of a new world order

He would have some degree of military or paramilitary force at his disposal to ensure the security of aid workers, so that they do not have to be withdrawn from regions of conflict (as happened recently in Ethiopia and Somalia) at the very time when the civilian population needs them most. And he should be able to bring heavy diplomatic pressure to bear on governments that try to obstruct relief efforts or manipulate them for political ends (the present Sudanese government is the most frequently cited example).

Such a job description makes it clear that governments are now at last facing up to the close connection between humanitarian and security issues. Most famines are at least partly the result of conflict, and refugee crises are almost entirely so. War is the greatest and most frequent of the large-scale disasters afflicting the human race. As in the case of famine, even more so in the case of war, the UN should be able to act preventively rather than waiting to cope with the disaster, at great expense in human life, after it has happened.

That need not mean keeping a standing army encamped in mid-town Manhattan. It probably does mean asking member states, including the five permanent members, to keep units available to be sent to areas of crisis by the Security Council at short notice. A small force sent to Kuwait last July, for instance, might have prevented many subsequent horrors.

But of course sending such a force would require political foresight. The UN needs above all a leader, capable of drawing the attention of the great powers and getting them to take crises seriously before they explode. That leader can only be the secretary-general. On the identity and calibre of the person holding that office depend, as much as on anything, the chances of the much-proclaimed new world order. The expiry of the incumbent's term at the end of this year provides a golden opportunity for the five permanent members to show they are going to take the UN seriously, by conducting an organised search and selection process – as any large private corporation would when choosing a new chief executive.

Unhappily there is so far little sign that they are doing that. Reports filtering out of New York suggest that, as in the past, the issue is being discussed only in secret and will probably be settled at the last minute by a compromise on the candidate to whom there are fewest objections. The issue may even be shelved by a two-year prolongation of Mr Perez de Cuellar's mandate, though he has already served 10 years and is visibly exhausted.

His merits should not be underestimated: he has served the UN with tact and discretion through many very difficult crises. But the time is surely ripe for a more forceful style of international leadership. It should not be missed.

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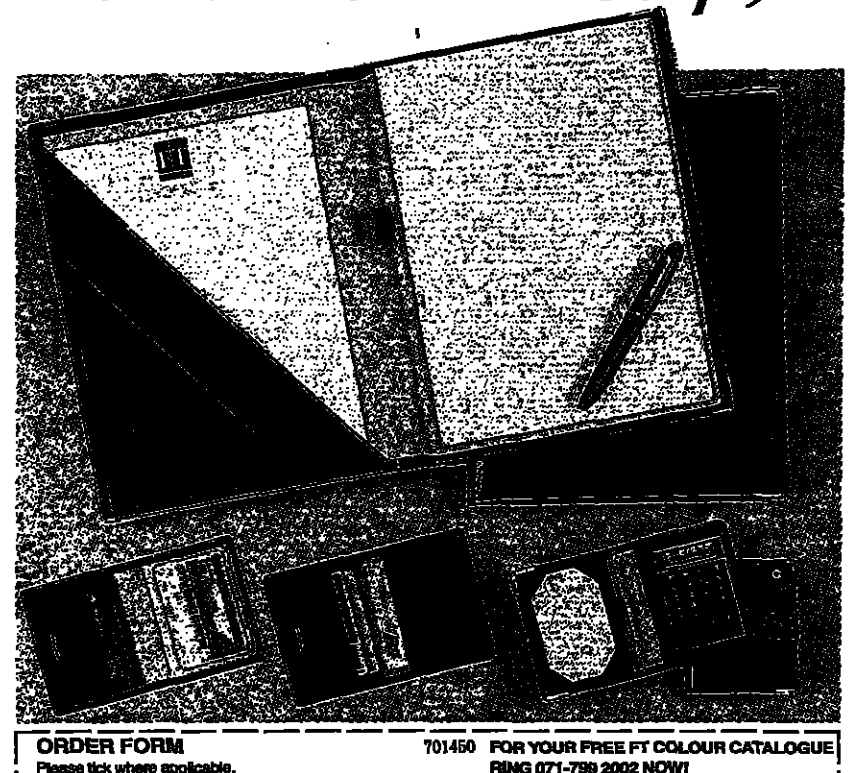

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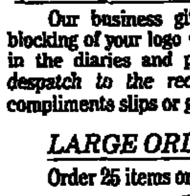

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NEWPORT
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FINANCIAL TIMES
Wednesday June 26 1991

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DEVELOPMENTS

Rise in durable goods orders stimulates upturn, but economists warn of slow revival

New statistics point to US recovery

By Michael Prowse in Washington

A SHARP RISE in factory orders, more activity in the housing market and an increase in consumer confidence yesterday confirmed signs that a US economic recovery is under way.

The Commerce Department said orders for durable goods rose 3.8 per cent between April and May, but remained 6.1 per cent below last year's level. The figures showed all industrial sectors except electronic and electrical equipment reporting gains. Orders rose a revised 3.6 per cent in April.

Sales of existing homes rose 6 per cent in May to their highest level in 18 months, the National Association of Realtors reported. This was the fourth consecutive monthly increase, providing further evidence that the housing market bottomed out in January.

Sales rose in all regions except the north-east, which has borne the brunt of recession.

Consumer confidence rose slightly this month after registering falls in April and May. An index monitored by the Conference Board, a business analysis group, rose to 78.0 compared with 76.4 last month. This time last year it stood at 102.4. Mr Fabian Linden, a board spokesman, warned that the index was still at a level "historically associated with a sluggish economy."

Yesterday's figures were seen as confirming earlier signs that the recession began to bottom out in April or May.

The consensus view is that the recovery will be one of the most sluggish on record with gross national product rising at an annualised rate of 2-3 per cent in coming quarters, compared with the average 6 per cent rate of expansion in previous post-war recoveries.

Some economists are more pessimistic, arguing that the US is experiencing a "false dawn". Mr Geoffrey Dennis, international economist at James Capel in New York, said the low savings rate and weakness of consumer spending precluded a sustained recovery until the fourth quarter.

The slight recovery in consumer confidence this month was entirely due to a rise in an index measuring expectations, which rose nearly 5 per cent to 101.1. An index measuring consumers' assessment of current conditions fell to a new low of 43.3, compared with 111.1 this time last year. Consumers showed more concern about job prospects than last month and less interest in purchasing cars, appliances or vacations.

Orders for non-defence capital goods, excluding aircraft – regarded as the best guide to future investment trends – rose 2.9 per cent last month following a 3.9 per cent increase in April.

US bonds, Page 23
Foreign exchanges, Page 33

France and Germany agree summit plan

By Ian Davidson in Paris

François Mitterrand (left) with Helmut Kohl after their meeting in Paris yesterday

FRANCE and Germany agreed yesterday to give top priority to three issues at this week's European summit in Luxembourg: defence and security, the European Parliament's powers and regional policy.

They also agreed that the summit should not try to reach final agreement on these or any other detailed questions. Instead, it should take stock of the progress of the first six months' negotiations on European political union (EPU), and set priorities for the next six months before the year-end summit at Maastricht.

The agreement on priorities emerged after a two-hour breakfast meeting in Paris between President François Mitterrand and Chancellor Helmut Kohl.

It reinforced the impression following Monday's discussions in Dunkirk between Mr Mitterrand and Mr John Major, the UK prime minister, that the three largest member states are determined to avoid any confrontation in Luxembourg, and are only too ready to play the EPU negotiations out to the end of the year.

The French and German leaders also agreed, at Mr Kohl's insistence, that the summit must discuss the powers of the European Commission.

Some smaller member states, as well as the Commission, fear the French government is seeking to give an excessively inter-governmental flavour to some of the new items on the EPU agenda, such as foreign policy co-operation.

French officials said after the meeting that France and Germany were close in their approach to political union, closer perhaps than to Britain.

However, they added that Monday's meeting with Mr Major had shown that the UK was showing positive goodwill, and that there would be no trial of strength in Luxembourg, nor any attempt to isolate Britain.

Mr Mitterrand and Mr Kohl were convinced that the EPU treaty had to include a reference to security and defence, and French officials said they would be seeking a reference explicitly assigning a close attachment between the EC and the nine-nation Western European Union defence organisation.

The British government, by contrast, has insisted on the importance of establishing a close link between the Western European Union and Nato, as a symbol of the continuing central defence role of the Atlantic alliance.

Hurd reassures Tories, Page 10

UK blocks EC package on women at work

By David Gardner in Luxembourg

EC EFFORTS to introduce a package of rights to protect pregnant women at work failed last night in the face of UK opposition and a threat by Brussels to withdraw the directive altogether if it became too diluted.

The UK is alone in opposing the substance of the package, seen as one of the EC Social Charter's flagship policies.

The disagreement centres on the draft directive's enshrinement of working women's right to 14 weeks maternity leave on full pay.

Mr Michael Howard, UK employment secretary, tried to get the directive split into two. This would separate narrow health and safety measures, such as exposure to dangerous substances, from social provisions, such as maternity leave. European Commission officials said this would destroy the purpose of the directive.

Ms Vasso Papandreou, the commissioner for social affairs, strongly attacked the UK's attitude towards the directive.

"I don't believe we can have a community where we care about economic indices but not about people," she said.

Because the Commission is putting through the measure under health and safety provision of the Treaty of Rome,a qualified majority is sufficient to get it into law. The UK alone cannot, therefore, block it.

Spain, Ireland, and the Netherlands support the directive but maintain that , as a social measure, it requires unanimous approval.

The UK Employment Depart ment maintains the measures will cost employers at least an extra £400m ($652m) a year, and would damage the job prospects of women. "The most important social dimension of the single market is the creation of jobs," Mr Howard said.

The UK's provision for maternity leave is the least generous in the EC. Of the richer countries, Denmark provides 28 weeks at 90 per cent of salary, while German legislation requires 14 weeks at full pay.

Of the two poorest countries, Greece provides 15 weeks and Portugal 90 days, both at full pay.

UK law provides for 6 weeks at 90 per cent of pay and 12 weeks at a fixed reduced sum. In the UK the qualifying period is two years, and often five years for part-time workers, many of whom are women.

Mr Tony Blair, the UK opposition Labour party spokesman on employment, described Mr Howard's stance as "neanderthal". "He is living in the 19th century, betraying working women in the UK by his reactionary attitude to a measure which will bring enormous benefit to them," Mr Blair said.

Mr Howard also made clear he would also be opposing separate Commission proposals to set a maximum 48-hour working week, averaged over a month.

"We prize the flexibility we have in the UK . . . we don't see any reason why Brussels should tell us what to do about the detail," the employment secretary said.

Ministers did, however, agree on the right of part-time workers to receive contracts after eight weeks in the job, provided they work a minimum of eight hours a week.

Japanese groups face UK scrutiny

By Richard Waters in London

THE European operations of Nomura and Nikko, the Japanese securities companies, are to come under scrutiny from a main regulatory authority following the resignations of their presidents in Tokyo on Monday.

The Securities and Futures Authority, the UK regulatory body, said it would review the position of the London-based European headquarters of each of the companies to make sure they were not tainted by the scandal in Japan.

Without authorisation from the SFA, securities companies cannot conduct any investment business in the UK.

The SFA also said it would review the position of any directors of Nomura International and Nikko (Europe), the two European companies, who were also directors of the Japanese group holding companies. It said it had no reason to suspect that the companies' European operations were involved in the scandals in any way.

One effect will be to subject Nomura International's new chairman, Mr Koichi Kane, to regulatory scrutiny. A main board director of Nomura who is based in Tokyo, Mr Kane is about to move to London to be appointed to the Nomura International board.

Other Nomura directors in common between the European and Tokyo operations are Mr Hitoshi Tonomura, who is resident in Tokyo and is head of Nomura's international operations, and Mr Nobuo Nakazawa, the outgoing chairman of Nomura International.

Three directors of Nikko (Europe), including its chairman, Mr Masao Inagaki, also sit on Nikko's main board. The others are Mr Yasuo Kanzaki, head of Nikko's international operations and one of its top group of executive vice-presidents in Tokyo, and Mr Tsuneo Iida, who runs Nikko's US operations.

Lloyd's raises marine insurance rates as losses reach £500m

By Richard Lapper in London

HOPES for a return to profitability in the Lloyd's of London insurance market have risen amid indications that the market's underwriters have been able to push through increases in marine insurance rates over the past month.

Lloyd's is expected today to announce an overall loss of more than £500m ($815m) for 1988, the most recent reporting year, which also saw the Piper Alpha oil rig disaster in the North Sea which hit the market. Further catastrophes the following year, together with low insurance rates, are expected to push losses to at least £1bn when 1989 results are reported next year.

Depressed rates for marine insurance and the the poor results of syndicates – groups of Names – specialising in marine insurance are widely expected to be among the worst on the market in today's announcement. The marine insurance category which extends to covering offshore oil rigs and some environmental and pollution risks, accounts for nearly 40 per cent of the total Lloyd's market with permissible premium income of up to £4.3bn last year.

Lloyd's is a market leader in marine insurance and has greater scope to introduce rises in this area than in the more competitive general commercial risks business, where rates remain relatively low.

A substantial number of marine insurance contracts are renewed annually on 1 July and in the past 10 days underwriters are understood to have negotiated increases averaging 20 per cent on this business.

Rates, which can vary widely, are negotiated on an individual basis between underwriters and brokers – who represent insurance buyers such as shipowners or operators. However, there seems no doubt about the upward trend.

Mr Ken Carter, chairman of the broker Lloyd Thompson, said yesterday: "Underwriters have really got the bit between their teeth."

Another broker said: "Rates are going through the roof. Underwriters are simply adding a nought."

Because losses in the market have driven some syndicates out of business, brokers are in some cases finding it difficult to place business with underwriters.

It is understood the scope of, for example, a special insurance facility provided by Lloyd's and specialised marine insurance companies for North Sea oil rig operators may be more restricted this year.

"Capacity has completely dried up," said one London insurance broker.

"Over the last five to six years the marine market has been extremely soft and underwriters have been concerned that they would lose market share if they increased rates. They are now regaining their confidence", adds Mr Carter.

US worries for Names, Page 10
Letters, Page 17
Lex, Page 18

Development bank's first loan to improve energy efficiency

EBRD lends $50m to Poland

By Anthony Robinson in London

THE European Bank for Reconstruction and Development (EBRD) yesterday announced its first loan to post-communist Europe.

The board approved a 15-year loan of $50m to the Polish Wielkopolski Bank Kredytowy (WBK) of Poznan, which will lend the funds on to heating enterprises in 10 Polish cities, including Poznan, Wroclaw and Lodz.

The loan comes 17 months after creation of a new east-west financing institution was approved by shareholding banks and organisations from both halves of a reuniting continent.

WBK is one of nine former regional branches of the Polish National Bank which are being privatised to form the core of a new commercial banking system. The loan is guaranteed by the Republic of Poland and the terms include a five-year grace period. The interest rate and other financial details were not revealed.

The new bank's first loan operation is being co-ordinated with the World Bank, which earlier this month announced its intention to approve $340m of financing to improve the efficiency of bulk-heat supply to Polish domestic and industrial users.

Improving energy efficiency and reducing pollution from the wasteful use of coal and other energy sources in large scale communal heating and power is a priority of the Polish government and also World Bank financing.

Apart from improving the efficiency of municipal heating companies, the funds will also be channelled to enterprises which are candidates for privatisation.

Among the other projects to be partially financed by the EBRD loan is a programme to replace small coal-fired boilers by gas-fired boilers. The World Bank is funding a $250 project to exploit Poland's natural gas resources and reduce dependence on coal.

THE LEX COLUMN

Beazer's house of cards

All of a sudden, Beazer has emerged as the next big international banking headache after Brent Walker. The rescheduling of its debt, which has crept back over £1bn net, was yesterday being sought from a grand total of 108 banks. The price of rescue appears to be that equity investors should pay £500m for part of a company now valued in total at £390m, at a time when it faces breaching its banking covenants and has issued profit and dividend warnings.

If Beazer's original UK business is as attractive as claimed, it is not immediately obvious why it is not being sold outright to a trade buyer. Failing that, it is even less clear why existing shareholders should pay more than twice over for what they own already; or, if they demur, why outside investors would be remotely interested. Even supposing the new money can be found, the remaining US business can scarcely be a goldmine with £500m-plus of debt to support.

Since Beazer has substantial assets in the form of its quarries and building land, it is scarcely likely that the banks will pull the plug. The more pressing question is what price they will exact from existing shareholders should fresh equity not be forthcoming. As the Davy deal showed again yesterday, NatWest has acquired a reputation for settling these matters in a civilised fashion. It may have its work cut out with Beazer.

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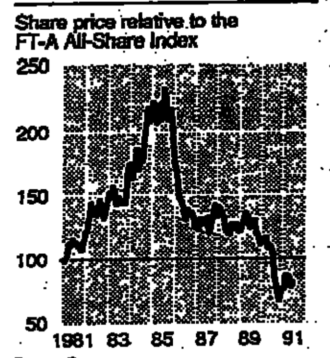
Trafalgar House

Share price relative to the FT-A All-Share Index



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Lloyd's of London

The red ink will officially flow in London's Lime Street today. But the key issue for most investors is not the £500m of losses chalked up in 1988 - or the even worse results expected for 1989 and 1990 - but whether Lloyd's will survive into the new millennium. Stand by for some contra-cyclical salesmanship as those who run the market seek to persuade Names not to resign their memberships, a response which could lead to a real decrease in underwriting capacity later this year.

As it turns out, the last few days have providentially provided new evidence that premium rates in some key business areas are hardening. The trend is most noticeable in marine reinsurance, where increases of 20-25 per cent have already been posted by some syndicates with the promise of more to come. Aviation is also picking up, though non-marine US business remains an underwriter's nightmare.

What matters more than the turn in the cycle, though, is Lloyd's' ability to pull itself together. Despite the bad publicity there may be still time for this, even if the new reformist spirit has come ten years too late. A shake-out of the kind which hit UK industry in the early 1980s is what is needed. With McKinsey summoned in and the gospel of unlimited liability being challenged, there is no saying what might happen.

Trafalgar/Davy

In purely industrial terms, rescue by Trafalgar House seems the tidiest possible solution to Davy's misfortunes. The question is whether Trafalgar can afford it. The expedient of issuing shares which will not pay cash dividends for two years suggests obvious constraints, whatever the arguments over savings on ACT. It is also sobering to reflect that the deal will give rise to goodwill of £200m, thus reducing Trafalgar's present net worth by a quarter. On that calculation alone, there seems little chance of a counterbid.

The deal will do little as a poison pill to protect Trafalgar itself, if only because most of the risk of the Emerald contract is being left with Davy shareholders until the rig is paid for. A predator might also see attractions in the combination of Davy and John Brown, which will immediately qualify as one of the world's biggest contract engineers. More generally, there remains the curious impression that if Trafalgar has become a repository of great British names of the past – Davy, Brown, Cunard and Scott Lithgow – it is also something of a black hole, being presently valued by the market at little over £1bn. At least the group is not abandoning its tradition of slightly chaotic diversity: after the purchase of Davy, there will be just enough left over from the rights issue to pay for a new ocean liner.

Currencies

Maybe the foreign exchange markets have taken the G7 finance ministers' warnings about intervention seriously after all. On the surface, yesterday's 3.8 per cent jump in US durable goods orders would have been a splendid opportunity to drive the dollar higher. The fact that the market was reluctant to test the DM1.80 level suggests dealers are wary of being wrong-footed by central banks. But it also reflects the suspicion that the durable goods figure overstates the strength of US recovery, especially since it was accompanied by a slight decline in order backlogs.

A pause for reflection on the lack of intervention since Sunday's meeting could eventually put the dollar back on a more vigorous upward trend. That would force the central banks to show their hand. For the time being, however, it must come as a relief to the UK authorities that the cautious tone in the currency markets should relieve pressure on the Bundesbank to raise German interest rates at this week's council meeting.

National Power

National Power's four months of independence since privatisation have been astonishingly lucrative for a management preoccupied with shedding thousands of jobs. On flotation Mr John Baker, the chief executive, was awarded a modest £9,500 bonus, 12½ per cent of his pay the previous year. After flotation, but within the year to March 31, his package increased by 58 per cent: not bad for six weeks' work, even if much of the rise was performance-related.

Given that National Power's remuneration committee includes such champions of executive reward as Sir Alastair Morton and Sir Richard Giordano, the increase is perhaps no great surprise. But it must go down as one of the least sensitive gestures by a board in recent years.

It is all the richer that the government should now be trying to dissociate itself from pay increases it well knew would follow the privatisation of basic industries like electricity and water.

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WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Berlin	F	21	70	Caracas	C	30	86	Faro	S	31	88	Islamabad	F	39	102
Algiers	S	31	88	Biarritz	C	28	82	Casablanca	S	26	79	Florence	S	30	86	Istanbul	S	25	77
Amsterdam	C	17	63	Bombay	F	31	88	Chicago	S	19	66	Frankfurt	C	22	72	Jakarta	F	33	91
Athens	S	30	86	Bordeaux	F	23	73	Cologne	C	19	66	Geneva	S	28	82	Jersey	C	18	64
Bahrain	S	34	93	Boulogne	C	20	68	Copenhagen	C	15	59	Gibraltar	S	24	75	Johannesburg	S	19	66
Bangkok	F	33	91	Brussels	C	20	68	Corfu	S	28	82	Glasgow	R	15	59	Lima	C	20	68
Barcelona	S	25	77	Budapest	F	25	77	Dallas	S	23	73	Helsinki	R	17	63	Lisbon	S	26	79
Beirut		–	–	Buenos Aires	F	15	59	Dublin	F	17	63	Hong Kong	F	27	81	London	C	18	64
Belfast	C	16	61	Cairo	S	33	91	Dubrovnik	S	30	86	Innsbruck	F	27	81	Los Angeles	S	16	61
Belgrade	S	26	79	Cape Town	S	15	59	Edinburgh	C	15	59	Inverness	R	14	57	Luxembourg	C	20	68

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	23	73	Milan	S	29	84	Nicosia	S	28	82	Salzburg	F	22	72	Tenerife	S	28	82
Madrid	S	34	93	Montreal	S	18	64	Oporto	S	22	72	San Francisco	C	13	55	Tokyo	F	28	82
Majorca	S	28	82	Moscow	S	29	84	Oslo	S	19	66	Seoul	F	29	84	Toronto	S	18	64
Malaga	S	26	79	Munich	F	23	73	Paris	C	21	70	Singapore	S	32	90	Tunis	S	30	86
Malta	S	29	84	Nairobi	C	22	72	Peking	T	16	61	Stockholm	F	18	64	Valencia	S	31	88
Manchester	C	18	64	Naples	S	26	79	Prague	R	18	64	Strasbourg	C	24	75	Venice	S	29	84
Manila	F	34	93	Nassau	C	33	91	Reykjavik	C	11	52	Sydney	S	20	68	Vienna	C	19	66
Melbourne	C	16	61	New Delhi	S	38	100	Rhodes	S	30	86	Taipei	C	28	82	Warsaw	C	16	61
Mexico City		–	–	New York	S	23	73	Rio de Janeiro	C	26	79	Tangier	S	32	90	Washington	S	20	68
Miami	F	25	77	Nice	C	23	73	Rome	S	25	77	Tel Aviv	S	27	81	Zurich	F	25	77

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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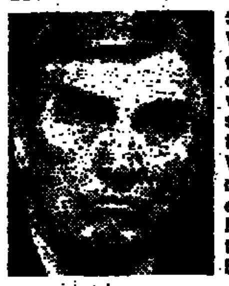
INSIDE

BSN bid values Jacob at I£59m

BSN, the giant French foods group, is to bid for W & R Jacob, the Irish biscuit maker. The French company already has a 29.6 per cent stake. It said yesterday it will offer 500 Irish pence a share for the remainder of W & R Jacob, valuing the company at I£59m ($88.59m). W & R Jacob controls around 50 per cent of the biscuit market in Ireland. **Page 20**

Shareholders told to oust Walker



Shareholders in Brent Walker, the UK leisure group, were told yesterday that the company would go into receivership if they did not vote to remove George Walker (left), former chairman and chief executive, and John Hemingway, non-executive director, from the board. **Page 25**

Chilean miners to vote on strike

More than 9,000 miners at Chuquicamata, the world's biggest copper mine, vote today on whether to strike for a 9.95 per cent wage increase following the collapse of pay talks with Codelco, the Chilean state copper corporation. Chile's largest company, struggling to remain competitive with aging and overmanned copper mines, says the workers' demands would increase Codelco's wage bill at Chuquicamata by 163 per cent. **Page 27**

Liffe in the slow lane

Eurotrack
Futures & Options

The London International Financial Futures Exchange is launching a futures contract on the FTSE-Eurotrack 100 index, made up of 100 continental European stocks. Although investors are making increasing use of index products generally, demand is expected to be weak at first. Dealers and investors will be unfamiliar with the technical complexities of the new contract and the present softness of European stock markets is likely to discourage futures trading. Tracy Corrigan reports. **Page 23**

Flying pickets alter course

A noisy protest by de Havilland of Canada workers outside trade minister Mr Michael Wilson's Toronto constituency office last Thursday turned into an unexpected celebration. Just as the pickets were raising their placards showing a de Havilland Dash-8 aircraft tearing a Maple Leaf flag apart, word came from Ottawa that Mr Wilson had blocked the proposed sale of the commuter aircraft maker to Aerospatiale of France and Italy's Alenia. **Page 21**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Lahmeyer	970	+	15	Beghin-Say	558	+	22
Falls				Printemps	724	+	42
AG Ind & Verk	835	−	10	Sp. Batignol	445	+	18
Colonia Vers	1077	−	23	**Falls**			
Karstadt	656	−	15	Havas	463.5	−	10
Lufthnsa	742	−	13	La Henin	589	−	14
Springer Axel	650	−	7	Ste Rossignol	649	−	11

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Apple Comp.	42⅝	+	1	Akai Elect.	1350	+	150
IBM	98⅝	+	1¼	Maruetsu	1680	+	110
Falls				Nippon Tetrapod	1430	+	150
BankAmerica	35½	−	⅞	Seda Nikka	910	+	80
Beazer	7⅞	−	1⅜	**Falls**			
Citicorp	15⅝	−	⅛	Chugai Ro	1090	−	100
Wells Fargo	76¾	−	4¾	Tsubakimoto	1060	−	80

New York prices at 12.30.

LONDON (Pence)							
Rises				Bulgin (AF)	60	−	6
Ang St James	14	+	3	Expedier Lds	24	−	6
Davy Corp	80	+	18	Flextech	117	−	9
Gestetner (GD)	79	+	25	Hadleigh	148	−	23
Hawker Sdly	583	+	11	Jones Shipman	59	−	6
MSys	164	+	15	Lep	80	−	12
RSM	14	+	1½	Micrelec	102	−	8
Falls				Morland	310	−	10
ACT	688	−	15	Rank Orgsn	849	−	16
Artons	455	−	14	Trafalgar Hse	211	−	32
BrSU	116½	−	28½				

Trafalgar House in cash bid for Davy

By Roland Rudd and Andrew Baxter in London

TRAFALGAR HOUSE yesterday announced a recommended cash offer worth up to £114m ($186m) for Davy Corporation, the beleaguered UK engineering contractor.

The UK shipping, engineering and construction conglomerate also said it was planning to raise £310m in a one-for-three rights issue at 190p. Its share price fell by 32p to close at 211p.

Trafalgar House will become Britain's biggest engineering and construction group, linking Davy McKee and John Brown in process plant contracting, and Monk and Cementation in construction.

The deal will end 160 years of independence for Davy. The company, hit by a £114m loss on an oil rig conversion contract, said last week it could no longer operate in its present form.

Davy's shareholders are being offered an initial 50p per share followed by another 45p if the conversion of the Ocean Emerald rig into an oil platform is completed. Davy's shares rose 18p to close at 80p yesterday.

By making the second instalment contingent on finishing the contract, Trafalgar House is asking Davy's shareholders to share the risk of further delays. On completion, Davy can draw upon £88m it is entitled to under a letter of credit.

The Trafalgar House rights issue shares will not pay a dividend before October 1992. The company said it did not want to make its unrelieved advanced corporation tax (ACT) worse by paying out any earlier.

ACT is a tax payable on dividends in the UK. But Trafalgar House is not earning enough profit in the UK to generate a corporation tax charge to offset against ACT.

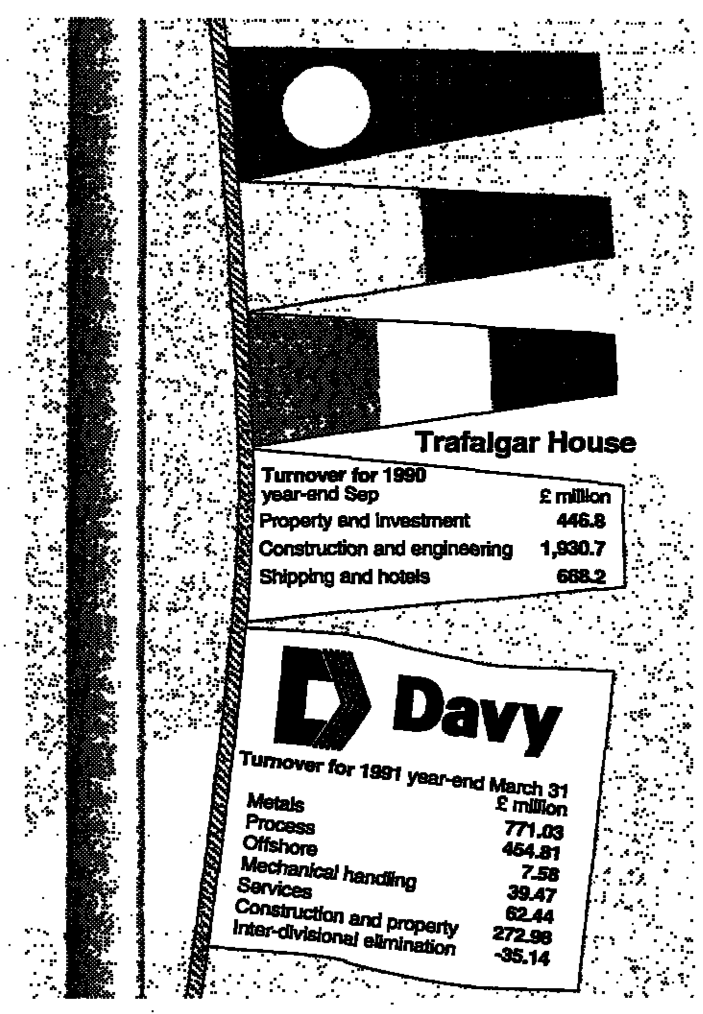
Instead of being offered a cash dividend, holders of the new shares will be entitled to a scrip dividend in the form of new shares. It will be calculated by the grossed-up value of the cash dividend declared on the ordinary shares, making it more attractive to institutions, which will be able to reclaim tax already paid.

Kleinwort Benson and Barclays de Zoete Wedd are sub-underwriting the cash call. Cazenove, Trafalgar House's normal brokers, turned down the offer to become involved in the deal.

Trafalgar House intends to keep all the main parts of Davy. This will disappoint Spie Batignolles, the French engineering group which owns 14.9 per cent of Davy, and had wanted to buy its process plant side.

Davy hopes to join a strong engineering force, write **Roland Rudd** and **Andrew Baxter**

A problem aired is a problem sold



SIR Eric Parker knows a thing or two about negotiations.

The chief executive of Trafalgar House, the UK construction, property, shipping and hotels group, has wanted to buy Davy, the independent UK engineering contractor, for the last nine years but refused even to consider a price until after the engineering group announced its disastrous results last week. "You do not negotiate until the full significance of the problems are out in the open," said Sir Eric yesterday.

After just three days of negotiations, which ended successfully on Sunday, a new force in worldwide engineering and construction has emerged. A complex two-part deal will create Britain's largest engineering contractor with a technology base to challenge the big US and continental European contractors.

According to Sir Eric, the full impact of Davy's problem – a £114m ($186.9m) loss on the unfinished conversion of the Ocean Emerald rig into an oil platform – was only fully appreciated by its board in the last two months.

As late as last October, when Trafalgar House started its most recent approaches to Davy, the directors gave Sir Eric the impression that they had no need to do a deal with anyone. Some argued that they would rather go under than lose their independence.

The enormity of the corporation's loss dawned on Davy's board six weeks ago when it gave Trafalgar House permission to examine the whole business in detail.

Sir Eric said he persuaded Mr Patrick McTighe, Davy's chief executive, that an agreed bid by Trafalgar House was the only solution to Davy's problems.

Sir Eric then stepped back from the deal, waited for Davy's results to be announced to the public, and then hammered out a price during 10 hours of talks last Sunday. Davy's board only finally approved the deal yesterday.

Once Davy had announced on Thursday that it could no longer operate in its present form, speed became essential.

The uncertainty created by Davy's statement could very quickly have caused it to lose its key asset – the design and engineering skills of its 14,000 employees – and a contractor run by a consortium of banks would have had immense difficulty winning and financing big orders.

City attention has focused on the "break-up route" as potential acquirers, including Mannesmann, the German engineering group, examine the jewel in Davy's crown – its metals division which accounted for nearly half of last year's turnover.

Mr McTighe yesterday pointed to the inherent risks of declaring that Davy was for sale piecemeal and seeing order books dry up without necessarily winning a premium on the individual sales.

For Davy, the deal with Trafalgar House avoids the messiness of a break-up and solves the short-term drain on its finances caused by Ocean Emerald as well as a more intractable long-term issue.

The company was simply not big enough to handle the risk of big contracts in modern process plant contracting and that, says Mr McTighe, "has been a matter of some concern to us".

Over the past decade UK process plant contractors have felt the need for the financial security offered by big broad-based companies such as Trafalgar House.

John Brown, bought by Trafalgar House in 1986, has been one of the conglomerate's more successful acquisitions.

"It never made sense to have so many UK process contractors. What was needed was a strong UK contractor with the critical mass to 'front-end' big overseas contracts," says Mr Pete Deighton of County NatWest Securities.

Davy's metals division, which had operating profits of £29.5m last year, is a prize for Trafalgar House, and gives it world leadership in many sectors of the market for designing and engineering plant for the steel and metals industry.

In the City there is a suspicion that Kleinwort Benson, which is advising Trafalgar House, brought the Davy deal to the conglomerate as a means of getting over a £157m unrelieved advanced corporation tax.

This is a tax payable on dividends in the UK, an advance payment of mainstream UK corporation tax. Trafalgar House, like many big international companies, is not earning enough profit in the UK to generate a corporation tax charge which would use up the ACT so it needed another deal to earn greater UK profits, for its tax rate to drop.

Sir Eric denied that the deal was driven by his desire to mitigate his ACT problem. Yet he freely admitted that the deal would bring Trafalgar House's tax rate down from 33 per cent to below 30 per cent by the end of the year.

There is still plenty of time for Trafalgar House's agreed bid to be trumped by an outside party – Spie-Batignolles, the French engineering group which owns 14.9 per cent of Davy, has yet to respond. Mannesmann said yesterday it did not plan a counterbid for the entire Davy group.

Sir Eric says a rival bid is a scenario far too pessimistic to contemplate. If Trafalgar House were to lose Davy, it would itself become more vulnerable to a bidder. The £310m rights issue Trafalgar House announced yesterday will bring gearing below 40 per cent, making the company more attractive as a target.

Last October, Davy's directors told Sir Eric Parker (above) that they did not need to do a deal (Photograph: Colin Beere)

Wells Fargo plans $350m provision against loan losses

By Nikki Tait in New York

WELLS Fargo, the large West Coast commercial bank, warned yesterday that it expected to make a $350m provision to cover loan losses in the second quarter of 1991, reducing its after-tax profits in the period to just $15m.

The announcement underlines the shaky state of the Californian economy. The bank, which appeared to fare relatively well in 1990 compared with some of its East Coast-based competitors, has considerable exposure to the sagging West Coast commercial property market, and to highly-leveraged transaction (HLT) loans.

First-half earnings would stand at around $165m, or about $3 a share, compared with a net profit of $392.2m in the first six months of 1990. In earnings per share terms, the second-quarter forecast works out at just 20 cents, compared with $2.86 in the first three months of the year.

Wells said yesterday it expected loan losses of about $180m for the second quarter alone, more than double the $67m of the first three months. It surprised analysts by saying it was placing $400m of commercial loans on "non-accrual" – about half being HLT-related.

This means Wells' portfolio of non-performing assets will rise by $450m, a 28 per cent increase on the $1.59bn reported at the end of March. The bank blamed the jump on "national economic trends". "At year-end 1990, we said that it would be difficult to anticipate how some of our credits – HLTs especially – would perform in a recession," said Mr Carl Reichardt, chairman.

"There is some indication of an upturn in the economy," he continued, "but we remain cautious and expect continued pressure on the loan portfolio at this point in the business cycle." Mr Reichardt also stressed that "underlying earnings" were strong, and – without this loan loss provision – would have topped $3 a share in the second quarter.

Shares in the San Francisco-based bank, the 10th largest in the US on the basis of end-1990 assets, were suspended ahead of the announcement, but subsequently fell by $4¾ to $76¾.

Many analysts were still digesting the news yesterday morning. The second-quarter earnings projection is well below recent forecasts – centring on earnings per share of about $2.84. Nevertheless, some suggested it was the timing of the announcement, rather than its substance, which had caught them on the hop.

Hanson board 'did not discuss' ICI

By Robert Peston in London

HANSON'S plan to buy a £240m ($391.2m) stake in ICI, the chemicals group, was not raised at a full board meeting of the conglomerate, although the decision to buy the shares had been made.

The Hanson board met on Tuesday, May 14. The previous evening, Lord Hanson, the chairman, placed an order with Smith New Court, the leading brokers, to buy 20m ICI shares.

On the Tuesday, Smith New Court raided the market and acquired the 2.8 per cent stake. A board meeting of Hanson was taking place at the same time, but there was no mention of the investment at the meeting.

Mr Rudolph Agnew, then a non-executive director of Hanson, attended the meeting. Friends say he learned of the ICI investment two days later in the press. Mr Agnew declined to comment.

Hanson's board meetings rarely discuss strategy. The formal board meetings take place four times a year, at the time of the financial results, and concentrate on reviewing business performance against budget.

Mr Agnew has resigned from the board which he joined in autumn 1989 after Hanson's £2.5bn takeover of Consolidated Gold Fields, the mining company of which he was chairman.

It is understood that he had planned to leave Hanson for some time, though he had originally wanted to stay as a non-executive for three years. "The ICI investment was the occasion rather than the cause of his resignation", said a friend. Mr Agnew opposes hostile bids for companies unless he sees a clear industrial logic.

Hanson's board now has only one non-executive director: Mr Charles Price, former US ambassador to London.

Hanson said yesterday it planned to appoint additional non executives. Mr Martin Taylor, vice chairman, said this was not a response to Mr Agnew's departure.

Investment institutions have been pressing companies to appoint non-executives to guard shareholders' interests. The institutions want non-executives to vet remuneration packages of executive directors and scrutinise company accounts.

At Hanson there is no remuneration or audit committee consisting of non-executive directors.

Leading fund managers say they would be reluctant to see Hanson acquire ICI unless it appoints more outsiders to the board.

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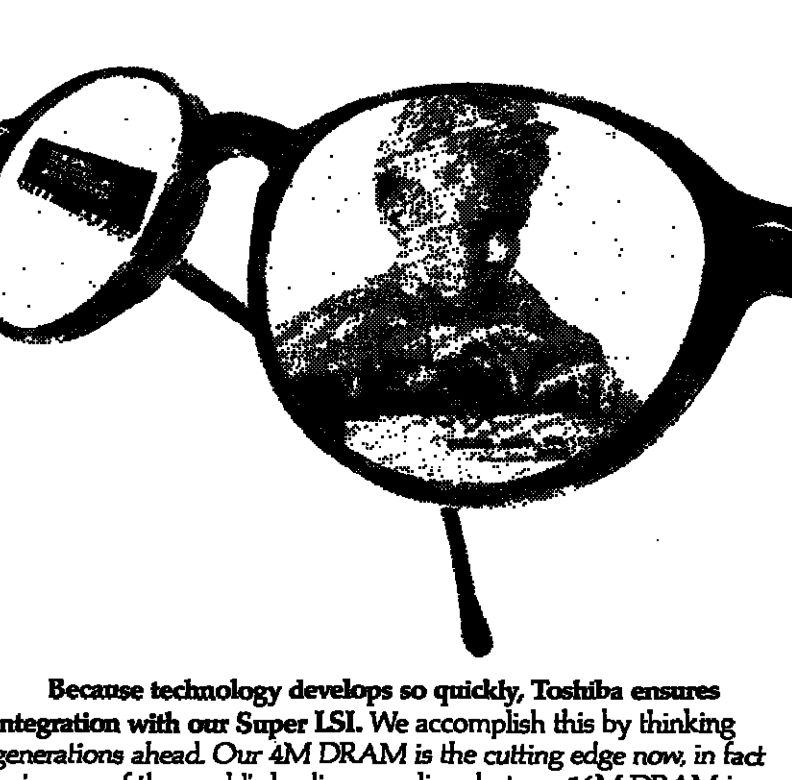

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INTERNATIONAL COMPANIES AND FINANCE

BSN bid values Irish biscuit maker at I£59m

By George Graham in Paris

BSN, the giant French foods group, is to bid for W&R Jacob, the Irish biscuit maker.

The French group already holds a 29.6 per cent stake which was acquired when it bought Jacob's Bakery, the UK biscuit group, two years ago along with the other biscuit subsidiaries of RJR Nabisco.

An offer of 500 Irish pence a share for the 70.4 per cent of W&R Jacob it does not already own will be made, valuing the company at I£59m ($88m).

W&R Jacob controls around 50 per cent of the biscuit market in Ireland, which accounted for around 60 per cent of its I£69m sales last year, and also has a significant market position in Northern Ireland. BSN said its offer was made in agreement with the board and management of W&R Jacob.

The two companies have already begun to work together since BSN first acquired its stake, with the introduction of a number of BSN biscuit lines into W&R Jacob's range.

Speculation that the French company would eventually seek to take control has persisted for some time, and contributed to a surge in W&R Jacob's share price last October.

W & R JACOB RESULTS

	1990	1989	% change
Turnover	IR£69.9m	IR£64.8m	+8
Operating profit	IR£4.0m	IR£3.4m	+18
Profit before taxation	IR£3.9m	IR£3.0m	+28
Earnings per share	25.4p	*22.5p	+13
Div per ordinary share - paid	10.25p	9.5p	+8
- adjusted	10.25p	*9.25p	+11

* Adjusted for Rights Issue, December 1989

Mr Antoine Riboud, BSN's chairman, first took his group into the biscuit market in 1986 with the takeover of Générale Biscuit, the French market leader.

It was in 1989, however, that BSN cemented its position as the largest biscuit producer in Europe – and the second largest in the world – through the acquisition of the European biscuit operations of RJR Nabisco.

Mr Riboud initially paid $2.5bn for five businesses, including Jacob's in the UK, Belin in France and Saiwa in Italy. Quickly, however, he sold on Smiths and Walkers, two British crisp and potato snack businesses which had come with the Nabisco package, to Pepsico of the US for $1.35bn.

Outside Europe, BSN has only attempted to expand its biscuit operations where it felt it had the requisite size. Last August, for example, it sold its US biscuit business, including the Mother's and Salerno brands, to Belgium's Invus group, on the grounds that its 6 per cent market share was an inadequate base for growth.

In India and the Far East, on the other hand, it has teamed up with Mr Rajan Pillai's Britannia Industries to acquire many of RJR Nabisco's biscuit operations in the region.

W&R Jacob reported net attributable profits of I£2.86m last year, up 22 per cent on 1989.

Koipe asked to drop takeover of Elosua

THE Spanish Ministry of Agriculture has called on the Italian-controlled vegetable oil company Koipe to withdraw its bid to take over olive oil maker Elosua, Reuter reports from Madrid.

Koipe, part of the Ferruzzi group of Italy, bought a 24.9 per cent cent stake in Elosua 10 days ago and launched a bid for remaining shares. This prompted warnings by the government that it should not try to gain control of the strategic olive oil sector.

"Withdrawal of the [Koipe] bid would make talks easier," a ministry spokesman said after Elosua met two leading shareholders – the ministry itself and Banco Pastor to define a strategy to stave off the bid.

At stake is control of Spain's olive oil market.

Two Copenhagen stores come under same owner

By Hilary Barnes in Copenhagen

MAGASIN du Nord and AC Illum's, Copenhagen's two biggest department stores, will come under the same ownership from September 1, it was announced yesterday.

A Danish consortium will buy a 23.7 per cent of Magasin's owner, the listed company Wessel & Vett, from Nordiska Kompagniet, the Swedish stores group.

Some of these shares will be exchanged for shares in a new holding company and will be offered to Danish and foreign investors, Baron Ebbe Wedell-Wedellsborg, Wessel & Vett chairman said.

The group will be owned through a new holding company in which the Magasin du Nord Foundation will own 45.2 per cent of the shares (50.2 per cent of the voting rights), Illum's 23.7 per cent and a Danish consortium of institutional investors 31.3 per cent.

A stock exchange listing for the holding company is planned in two or three years.

The holding company will own 52.9 per cent of the shares (79.7 per cent of the votes) in Wessel & Vett.

Wessel & Vett will pay DKr80m ($12m) in shares for Illum's, but will also take over DKr200m in debts.

"The real price is close to DKr300m," Mr Jordan said. The Magasin group has a turnover of DKr2.64bn and 2,400 employees to Illum's DKr550m and 373 employees.

The two stores, a few metres from each other on Copenhagen's main pedestrian shopping street, will retain their separate commercial concepts.

Guinness offers £29m for Union Cervecera

By Tom Burns in Madrid

GUINNESS, the UK drinks group, is attempting to strengthen its position in the Spanish beer market through a £29m ($47m) bid for Union Cervecera, a loss-making domestic company that is controlled by the Carlsberg group of Denmark.

If the offer is successful, Guinness' stake in the fast-growing Spanish beer market will rise to 28 per cent. Guinness took a 22 per cent stake in the market last November when it paid £533m for Cruzcampo, Spain's largest brewer.

It would put Guinness well ahead of its nearest competitor, El Aguila, which is controlled by Heineken of the Netherlands and has a 18 per cent share of the market. The purchase is subject to the approval of Spain's monopolies authorities.

As part of the deal, Carlsberg will acquire 10 per cent of Cruzcampo for an undisclosed price.

Trading of Union Cervecera's shares on the Madrid stock market was suspended yesterday at Pta275 and Cruzcampo will be offering Pta250 a share – their nominal value.

Carlsberg bought its first stake in Union Cervecera in 1985 and has invested more than £60m in the company, raising its shareholding to 68 per cent.

The Skol brand name, produced at Union Cervecera's three brewing plants, has failed to impress the domestic consumer, and the company's relatively small size has hampered the distribution. Union Cervecera's accumulated losses over the past two years totalled more than £13m.

German bank to expand in leasing

BAYERISCHE Vereinsbank is to buy a 33.3 per cent stake in Hanseatische Investitions-Bank, the German investment bank from Deutsche Bank Luebeck for undisclosed terms, Reuter reports.

Bayerische Vereinsbank will expand its range of leasing products, the bank said.

Adia decides to get down to basics

By William Dullforce in Geneva

ADIA is to be slimmed down to its basic employment and personnel business through the sale of companies with a combined annual turnover of SFr2.4bn ($1.6bn) and 1990 operating profits of SFr136m.

Some of the companies for sale were bought in the belief that diversification would balance earnings from its cyclical employment business; others were acquired almost fortuitously during the group's dealings with Mr Werner Rey, its former leading stakeholder, whose parent company, Omni Holding, is under protection from its creditors.

A single buyer is unlikely to be found, and conditions do not offer the best climate for selling enterprises. Mr Nico Issenmann, Adia's new chief executive, foresees a one-by-one sale over the next 18 months.

"We need to release capital soon, but we are not under pressure," he says. "The price and the quality of the buyer are more important to us."

Adia operates independent computer leasing businesses in the US and Europe under the Meridian name. They will almost certainly be sold separately. During the fiscal year ending on June 30 1990, Meridian US continued its steady five-year profit growth, posting a 15.8 per cent increase to $27.1m in pre-tax earnings and a climb of 38 per cent to $586m in turnover. Its net worth at the end of June was $164m. In the full-year 1990, Meridian US's net contribution to Adia's results rose to SFr39m from SFr32m in 1989.

Meridian International in Europe contributed SFr7m. This result marked a turnaround from the SFr29m loss recorded in the previous year. It was achieved through a restructuring which trimmed sales to SFr678m from SFr902m in 1989. Operations were refocused on leasing and trading in mainframe systems. Other activities were abandoned, the head office was moved from London to Paris, and staff reduced to 210 from 530.

IBM leads in computer leasing in both the US and Europe and has been pursuing a particularly aggressive approach as recession cuts into its main computer business. In the US, Meridian ranks third after Comdisco; in Europe, Meridian International comes fourth after ECS and Promodata, but most European leasers are in bad shape and it will not be easy for Adia to find a buyer.

Computer leasing demands considerable financing. Adia has invested SFr1.2bn in the two Meridians since 1985, of which it has written off some SFr600m against reserves, mainly for the European operation.

Buyers' interest in the inspection services companies will also vary greatly. Professional Service Industries (PSI), Texas, has a 4.5 per cent share of the US construction inspection business, which makes it the market leader. It recently acquired a company specialising in asbestos protection which opens a promising new direction.

PSI was responsible for just under two-thirds of the SFr359m in sales generated last year by Adia's inspection services sector, but it generated almost all the sector's operating profit of SFr21m in spite of the slowdown in the US construction business. It should not lack interested buyers.

Prospects for Inspectorate, the remnants of Mr Rey's trade and quality control company merged with Adia in 1989, are much more problematical. It is struggling in a business dominated by the Geneva-based Société Générale de Surveillance (SGS).

Adia's security service companies recorded a combined operating profit of SFr40m on a turnover of SFr353m last year. About 60 per cent of revenues came from Protectas, a Lausanne-based group with 5,200 employees; providing guards and funds transport in Switzerland, Germany, Austria and France. Over 15 years it has shown steady, low-margin growth. A management buy-out has been mooted.

THE new controlling shareholders at Adia, the Swiss services group, have chosen a bold strategy, writes William Dullforce.

They intend to make the company the uncontested leader in the world market for temporary employment and personnel services.

Mr Klaus Jacobs, Swiss businessman, and his friend, Mr Klaus Wiegandt, chief executive of Asko Deutsche Kaufhaus, the big German retailing group, have so far invested a little over SFr1bn ($670m) in acquiring 65 per cent of the Adia stock.

Their part will decline to 56 per cent, if all other shareholders follow them in subscribing to the newly-announced capital increase.

More capital will be raised by selling off all Adia's computer leasing, inspection, quality control and security service companies in what amounts to a reversal of the strategy followed by the Adia management in the last few years.

This saw diversification as a means of evening out the fluctuations in earnings which are a feature of so cyclically dependent a business as employment services.

Instead, Mr Jacobs and Asko intend to bank on Adia's growth prospects in the market for temporary help and personnel services which they estimate amounts to some SFr56bn a year in the 25 countries in which Adia is currently active.

By way of comparison, Adia puts the world markets for televisions and luxury products at SFr70bn each, while car hire amounts to only SFr20bn.

Allowing for a 10 per cent margin of error in Adia's estimate, the market for employment services must currently be between SFr50bn and SFr60bn a year. Of this, Adia accounted for SFr3.3bn last year. The leader, Manpower of the US, was about SFr1bn bigger at current exchange rates.

The temporary help market remains extremely fragmented. Mr Nico Issenmann, Adia's new chief executive, estimated that the five principal operators on the US market controlled only 29 per cent of the total; in the UK, the top five had 26 per cent and in Germany 21 per cent. The Netherlands was the most concentrated, with the leading five companies accounting for 69 per cent; in France the proportion was 61 per cent.

Growth potential is illustrated, firstly, by the advance in Adia's own revenues from temporary help – admittedly boosted by a policy of acquisitions – from SFr79m in 1970 to SFr3.1bn in 1990.

Secondly, Mr Issenmann points out that, while the percentage of temporary employees to the total active population is 2 per cent in the Netherlands, it is still only 1 per cent in the US, 0.7 per cent in the UK, 0.45 per cent in Germany and a mere 0.12 per cent in Japan. In the US, the percentage climbed from 0.4 per cent in 1981 to 1 per cent last year, when the US accounted for more than 40 per cent of the SFr50bn-SFr60bn total. It was also Adia's largest market, contributing 32 per cent of group revenues from employment services.

Boston Consulting Group, asked by Mr Jacobs and Asko to advise on strategy, cited several social and industrial factors likely to promote demand for temporary help. It offers openings for the growing number of young people who have finished their education but have not found permanent jobs and it provides re-entry opportunities for long-term unemployed. It can supply part-time work for two other expanding social groups, elderly people who did not want to retire completely and women with family commitments.

For employers, temporary help means added flexibility. It assists current trends in manufacturing towards smaller inventories, shorter product life cycles and optimal use of costly equipment. A growing number of service companies find they need to support customers outside normal working hours, when temporary help can be invaluable.

Adia's own experience shows that immediately after periods of recession, when they have made workers redundant, companies tend to increase temporary staff faster, as they start re-employing.

Mr Jacobs and Asko appear to be unworried about taking charge when the employment business is at an ebb. After a 27 per cent plunge to SFr149m last year, operating profit fell by some 70 per cent in the first quarter of this year, as recession bit into Adia's leading markets. Manpower suffered an almost identical fall. Predictions of when the recovery will begin are tentative.

Adia's new controlling partnership is taking the long-term view of market potential and its managerial resources. With shareholders' equity of SFr466m equal to only 14 per cent of total liabilities at the end of 1990, Adia, they decided, was undercapitalised.

Some SFr175m should be added to equity from the capital increase announced last week. More capital could flow in over the next 18 months from the sale of the non-core companies. The new management promises to follow the old in investing strongly in computerised information services in branch offices, to improve quality and efficiency.

But it is obvious that, if it is to meet its set target of becoming world market leader in temporary employment and personnel services, Adia will have to hit the takeover trail again.

National Power beats forecast with £479m

By Clare Pearson in London

NATIONAL Power, the larger of the UK's two newly-privatised electricity generators, yesterday announced pre-tax profits for the year to end-March of £479m ($780.77m), marginally ahead of the £465m forecast in its flotation prospectus in February.

The 5.5p dividend recommendation, is close to its forecast of 5.49p.

Mr John Baker, chief executive, said the results showed the company had "got away to an excellent start" in the new competitive electricity market launched in April last year.

He said National Power had made "good progress" on its main privatisation priorities of attacking fixed costs and diversifying sources of fuel through building gas-powered stations and facilities for importing foreign coal.

He noted also that capital expenditure was "on time and on budget," including the Drax flue gas desulphurisation project. This had suffered a breakdown in one unit earlier in the year.

The company has a power station closure programme of 2,900 megaWatts. The work force was cut by 1,760 last year. Since the year-end, it has announced plans to cut staff by 2,000 within the next 18 months.

On fuel diversification, Mr Baker said large gas supply contracts had been signed and port facilities were being developed to accept more imported coal.

Yesterday, the company announced an agreement to buy Ranger Oil (UK)'s share of natural gas from an East Anglian field for use in new gas-fired power stations.

Mr Baker's announcement that his remuneration package had risen from £85,000 to £135,000 drew him into political controversy yesterday.

He said he made the announcement, rather than waiting until the annual report, because "I don't believe in hiding things".

Group turnover was £4.38bn, against £3.99bn, 11 per cent of which came from direct sales to large customers with the balance going to the 12 regional electricity companies.

Commenting on the pool, or spot market, price of electricity, Mr Brian Birkenhead, finance executive director, said the average price last year, at 1.7p per unit, was so low it was "a clear disincentive to invest in new power stations".

The average price actually received by National Power, under contracts with the regional companies arranged at privatisation, was more than 3p, he said.

Costs associated with privatisation gave rise to a £124m extraordinary debit. Earnings per share were 25.89p, compared with the prospectus forecast of 25.34p.

On a pro forma basis, adjusted for debt injected at flotation, pre-tax profit would have been £434m and earnings per share 23.54p. Pre-tax profits for the year to end-March 1990 were £178m.

NEW ISSUE — This announcement appears as a matter of record only. — June, 1991

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Data source: BMRC 1990 (weighted by company size)

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Minorco seeks to sell its 47.6% stake in Adobe

By Nikki Tait in New York

MINORCO, the Luxembourg quoted investment company which is 60 per cent owned by the Anglo American-De Beers group of South Africa, is seeking to dispose of its 47.6 per cent holding in Adobe Resources, the US-based oil and natural gas explorer and producer.

At yesterday's mid-day price in New York, Adobe is capitalised at $230m. Its shares rose by $⅝ to $7¼ on the news.

Adobe said yesterday it had called in two US investment banks, Goldman Sachs and Lazard Frères, to "review the company's options since its largest shareholder . . . no longer considers its 47.6 per cent investment in Abode Resources as a long-term holding".

Abode added that Minorco's "passive holding" had failed to meet the groups's objective of increasing its role as an operating entity in mining, metals and related businesses.

However, Adobe said that its principal shareholder had promised to "co-operate" while it explores alternatives with its bankers.

There was no one available to comment at Minorco USA in Denver. However, the company has been under pressure recently to deliver on its promised transformation into a world class natural resources group.

Following its unsuccessful bid for Consolidated Gold Fields, Minorco has continued to sit on a substantial cash pile.

Adobe was created in the mid-1980s by a link-up between Adobe Oil and Gas, an independent natural resources group, and Madison Resources, a former investment company which had restructured itself into an operating entity.

Pan Am confirms Pritzker talks

By Nikki Tait

PAN AM, the financially-troubled US carrier which filed for Chapter 11 bankruptcy protection earlier this year, has confirmed that it has had talks with Mr Jay Pritzker, a member of the wealthy Chicago family and chief executive of Hyatt Corporation.

The talks are thought to have centred on a possible acquisition of the airline by Pritzker interests and the provision of further financing.

Mr Pritzker is reported to be considering a proposal which would involve the provision of "debtor-in-possession" financing. This would aim to help keep the company running until a reorganisation could be effected. Such financing is standard in bankruptcy cases, and places the lender towards the head of the creditors' queue should the company collapse.

Pan Am also said that its discussions with Delta Air Lines, a larger and much stronger US carrier, are continuing. These first came to light in April.

Delta, whilst confirming that it had held talks with Pan Am, fell short of saying that it was interested in acquiring the group as a whole.

Pan Am, on the other hand, has stressed repeatedly that it would prefer to be bought as a single entity rather than sell its remaining assets piecemeal.

Most industry observers are sceptical about the airline's long-term future if a buyer cannot be found.

Nevertheless, Mr Tom Plaskett, Pan Am chairman, said last week that business is "running ahead of plan" and suggested that the airline will show a profit this summer – traditionally the busiest season. He also implied that reorganisation efforts were continuing, saying that "Pan Am will emerge from reorganisation as a stronger airline".

AT&T names overseas co-ordinator

By Alan Cane

AMERICAN Telephone & Telegraph (AT&T), the largest telecommunications company in the US, confirmed yesterday it would shortly announce the appointment of Mr Randall Tobias to co-ordinate all its overseas business activities, including joint ventures and acquisitions.

Mr Tobias, 49, is an AT&T vice-president. His appointment will be seen as part of a trend by telecommunications companies worldwide to accelerate the development of their international activities.

Some 15 per cent of AT&T's annual revenues of $37bn come from outside the US, and the plan is to raise the proportion to 20 to 25 per cent by 1995.

The group recently acquired NCR, the US computer manufacturer, in its bid to become an aggressive supplier of computer systems. It has been investing heavily over the past few years to regenerate its overseas business activities, abandoned in the 1920s for anti-trust reasons.

Among the possibilities for growth outside the US which will be directed by Mr Tobias are the sale of telecommunications switches and transmission equipment to east European countries, now in the early stages of developing competent telecommunications networks.

At the same time as Mr Tobias' appointment, AT&T is expected to announce that a new operations committee has been established to supervise day-to-day activities.

It will include Mr Robert Kavner, head of data systems, and Mr Victor Pelson, chief of communications services. The committee will also include Mr Gilbert Williamson, president of NCR. The NCR acquisition is expected to be completed later this year.

Esselte in move to restructure activities

By Robert Taylor in Stockholm

ESSELTE, the troubled Swedish office products group, is to restructure its business activities as part of a plan to improve its efficiency and competitive position. The company is also to make further job cuts.

The changes will involve an organisational shake-up, dividing the company into four distinctive business sectors – office products, information systems, retail supplies and entertainment.

An additional 1,400 jobs are to go. This follows last year's decision to reduce the number of employees by 2,400, 11 per cent of the payroll. Certain head office functions located in London and New York are being moved to Stockholm.

Esselte is to concentrate its office machine and computer selling activities on the wholesale sector in Denmark and Finland. It has discontinued retailing in those areas after the divestment of the Datatime chain in Finland.

The company is also to introduce a plan designed to reduce the amount of capital tied up in the group by just over SKr1bn ($155m).

In the first quarter of the year, Esselte enjoyed a 26 per cent growth in profits after financial items to SKr88m, although its operating profit fell by 30 per cent to SKr156m and sales by 5 per cent to SKr4.08bn.

The latest moves at Esselte reflect the determination of the group's Mr Rune Andersson, new chairman, and Mr Bo Lundquist, the recently-appointed president and chief executive, to pull the company out its troubles that began two years ago and led to a 75 per cent drop in its profits for 1990.

Black may make bid for Fairfax chain

By Bernard Simon in Toronto

MR CONRAD BLACK, the Canadian proprietor of the UK's Daily Telegraph group, is considering making a bid for Australia's troubled Fairfax newspaper chain.

Mr Black, whose other publishing interests include the Jerusalem Post and several small-town papers in North America, told the Toronto Financial Post: "We are looking at Fairfax but haven't come to a final determination."

The Australian government is unlikely to allow a foreign investor to buy a majority stake in Fairfax. But Mr Black, through his Toronto-based holding company, Hollinger, is understood to have teamed up with a partner for a possible bid for Fairfax.

The privately-owned Fairfax group, which publishes the Sydney Morning Herald, the Australian Financial Review and other newspapers, was put into receivership in December with debts of A$1.7bn (US$1.29bn).

The banks moved after the company failed to generate sufficient cash-flow to service debts built up during a 1987 takeover by Mr Warwick Fairfax, who bought out the rest of the family and minority shareholders for A$2.1bn.

Mr Black told Hollinger's annual meeting in Toronto last week that the company has sufficient cash reserves and debt capacity to spend up to C$500m (US$438.5m) on an acquisition.

Mr Black said he was looking at several targets.

Warner to lose distribution rights

By Karen Zagor in New York

WARNER Brothers, the Hollywood arm of Time Warner, will lose its rights to distribute Disney and Touchstone films overseas when its pact with Walt Disney expires at the beginning of 1993.

In the notoriously volatile film business, foreign distribution is considered one of the few relatively low-investment, low-risk ways of generating revenues. Warner Brothers, which also distributes Universal's films, has been the sole overseas distributor for Disney and Touchstone films since 1987.

Analysts said the decision not to renew the pact was bad news for Warner Brothers, which has had a slow start to the year.

Although the revenues from the Disney deal are small, compared with Time Warner's 1990 earnings before interest, taxes, depreciation and amortisation of $2.25bn, on revenues of $11.52bn, analysts believe they made a significant contribution to the Warner Brother operations.

De Havilland deal hits turbulence

Bernard Simon looks at Canadian concerns over the company's sale

A NOISY protest last Thursday by de Havilland of Canada workers outside the Toronto constituency office of the trade minister, Mr Michael Wilson, turned into an unexpected celebration.

Just as the pickets were raising their placards showing a de Havilland Dash-8 aircraft tearing a Maple Leaf flag apart, word came from Ottawa that Mr Wilson had blocked the proposed sale of the commuter aircraft maker to Aerospatiale of France and Italy's Alenia.

Mr Wilson's rejection of the European bid has found favour in Canada far beyond the de Havilland workers. Few Canadians relish the prospect of their government paying huge subsidies – as Aerospatiale and Alenia had suggested – to a company controlled by the French and Italian governments.

Nor has the European consortium been able to satisfy Canadians that it will not turn the company famous for the Tiger Moth and the Twin Otter into a mere supplier of components for its own ATR 42 and 72 aircraft.

The precise terms of the Alenia-Aerospatiale bid have not been revealed. But Investment Canada, the government agency which vets foreign investments, concluded that it would not bring a "net benefit" to Canada.

Nonetheless, while Mr Wilson's decision to block the investment raised a cheer among the protesters last week, a nagging worry remains. Will the slogan on their placards – "Canadian jobs: going, going . . ." – yet turn out to be an apt one?

Aerospatiale and Alenia have 30 days to come up with a revised proposal. Ottawa is gambling either that they will return with a more acceptable offer or that de Havilland's owner, the US aircraft maker Boeing, will find another suitable buyer.

The Dash-8: its solid reputation is a draw

The Canadian government is well aware that de Havilland has little future as an independent aircraft maker. Investment Canada says in a background paper that it recognises that "international alliances are important and de Havilland needs to diversify its activities to survive".

It adds that "global rationalisation, through consortia, strategic alliances and other co-operative arrangements on projects, will continue as the commuter aircraft industry shakes out internationally".

A number of other aerospace companies – British Aerospace is one – have nibbled at de Havilland. However, the option held by Aerospatiale and Alenia has so far barred Boeing from serious negotiations with other bidders.

Ottawa would be happiest if Bombardier, Canada's other airframe builder, would join in a bid for de Havilland. However, the Montreal-based company, which has expanded rapidly in the past three years by buying Short Brothers of Belfast and the US business jet maker Learjet, has so far not taken the bait. Bombardier may reveal its intentions at its annual meeting today.

De Havilland undoubtedly has a number of drawcards for an international commuter aircraft alliance.

The Dash-8 has won a solid reputation among airlines, with 275 already delivered and another 91 firm orders. Some of the Dash-8 technological features, such as its landing gear and de-icing equipment, are said to be the best offered by any commuter aircraft maker.

De Havilland would also provide a useful production and marketing base in North America for a European or Japanese group.

Boeing has spent over C$400m (US$350.1m) on de Havilland's Toronto factory since it bought the company from the Canadian government for a song in 1986. It has installed computerised machine tools, integrated design and manufacturing, and greatly improved the flow of aircraft along the production line. While output has been held at five aircraft a month, the workforce has shrunk from a 1988 peak of 6,200 to a current total of 4,800.

For all de Havilland's attractions, however, neither the Canadian government nor the company's workers appear to be in a powerful bargaining position.

De Havilland last made a profit in 1982. According to a company official, it is now "nearly at a break-even point in operations". Facing cut-throat competition, it has not been able to raise prices for several years.

Boeing has repeatedly put off plans to develop a stretched, 70-seat version of the Dash-8. Approval would be required within the next few months for this Series 400 model to be delivered by the mid-1990s.

A new owner would also be taking over a restless workforce represented by the Canadian Auto Workers union, one of the highest profile unions in the country.

The current labour contract, negotiated last year, was the first in two decades to be concluded without a strike. The suspicion lingers that Boeing took a soft line with the union, knowing that it would be putting the company on the block a few months later. With an average plant wage of just over C$19 an hour, de Havilland workers are highly paid even by North American standards.

The Alenia-Aerospatiale consortium has already warned that some belt-tightening may be necessary if and when it takes over de Havilland. The same would probably apply if another buyer steps forward.

The workers and the Canadian government now face the delicate task of finding a trade-off between sacrifices and demands which is generous enough to attract rather than repel the new owner which de Havilland badly needs.

Australian flotation in doubt

By Mark Westfield in Sydney

NATIONAL Foods of Australia said it would either issue a supplementary prospectus for its A$235m (US$180.8m) public flotation or abandon the offering because of the unexpected deterioration of the company's main business, Allowrie Farmers Group.

Directors of National Foods told the Australian Stock Exchange yesterday they would decide which course of action they would take by the end of the week.

Poor earnings from the manufactured foods division of the Allowrie business meant it might not achieve the profit forecasts contained in the prospectus issued last month.

Mr Graham Reaney, National Foods' managing director, said yesterday that directors would issue a supplementary prospectus and extend the closing date of the issue if they believed it would be in the interest of subscribers.

If the directors decided at a meeting on Friday not to issue an additional prospectus, all applications for shares received so far would be returned. Mr Reaney said he could not give further details because he had not spoken to all the National Foods directors.

The Board of Industrial Equity, which is selling its food businesses to National Foods, will meet tomorrow to discuss the situation.

Money sent by prospective shareholders has been deposited in a trust account and is earning interest at market rates. If a supplementary prospectus was issued, subscribers would be able to withdraw their applications, Mr Reaney said.

The original prospectus would remain open until the board resolved the situation.

In the prospectus directors predicted that earnings before interest and tax would improve in 1992 because of a change in product mix away from reliance on exports towards sales into the domestic market.

Tata Tea posts record earnings

TATA Tea of India, the world's largest tea-growing company with more than 24,000 hectares under cultivation, has declared record earnings of Rs516m ($24.9m) for its fiscal year, reports Gita Piramal in Bombay.

Mr Darbari Seth, chairman, said net earnings this year "were the highest ever in its history, 25 per cent higher than the remarkable earnings achieved last year".

On sales of Rs3.07bn, the company made a net profit of Rs516m for the year to end-March. Last year's sales were Rs2.70bn, while net profit stood at Rs414m.

Tata has also completed its acquisition of the Madras-based Consolidated Coffee. It now holds 52.4% of the company, which is reportedly the largest coffee-growing operation in Asia.

The company is likely to benefit from the diversification. Though demand for tea has been strong, the uncertain political situation in Assam, where Tata Tea has large tea plantations, could affect its operations.

Nissan affiliate set back by stock investment losses

By Emiko Terazono in Tokyo

IKEDA Bussan, a leading vehicle components maker affiliated with Nissan Motor, posted consolidated pre-tax losses of Y22.5bn ($161.9m) for the year to end-March, due to setbacks on its investments and a heavier burden of interest payments.

The company, which invested Y70bn, or seven times its capital, at the height of the bull market, said that appraisal losses on its stock investments totalled Y12.4bn.

Ikeda posted Y35.2bn in after-tax losses, but sales rose 18.8 per cent to Y145bn, due to rising demand from Nissan and other big customers.

Earlier this year, Nissan Motor, which holds a 43 per cent stake in Ikeda Bussan, announced a 40 per cent fall in consolidated net profits for the year to end-March, partly reflecting losses at Ikeda.

Nissan said it would send employees to Ikeda to assist with its financing and sales.

On a non-consolidated basis, Ikeda posted Y21.4bn in pre-tax profits on sales of Y131.2bn and after-tax losses of Y34.2bn.

For the current year to end-March 1992, the company projects unconsolidated pre-tax losses of Y2.1bn, on sales of Y137.5bn and after-tax profits of Y1.2bn.

● Kawasho, Japan's leading trading company specialising in steel, said its consolidated pre-tax profit for the fiscal year to end-March came to Y10.68bn. It was the first year that the company released a report of consolidated earnings.

Earlier-year figures for comparison were not available, officials said.

Net income totalled Y6.37bn, or Y52.90 a share.

For the current fiscal year, Kawasho predicted its consolidated net earnings would decline but its revenues and pre-tax profits would increase. Net profits should slip to Y5.8bn, the company said, but revenue should climb to Y1,830bn and pre-tax profit rise to Y11.5bn.

Brierley spin-off to list on NZ bourse

GPG, the cash-rich investment company which is 40 per cent-owned by Brierley Investments and run by Sir Ron Brierley, the founder and president of BIL, said it would list on the New Zealand Stock Exchange tomorrow, Reuter reports from Wellington.

BIL agreed in April to reduce its GPG stake from 63 per cent by placing 74m shares, at 15p each, mainly in Australia and New Zealand.

Sir Ron will own 3 per cent of the investment company.

GPG, with £22.4m (US$36.7m) cash and share investments of £10.4m, is regarded as Sir Ron's personal vehicle. He has recently scaled down his involvement with BIL, which he founded in 1961. GPG's investments, acquired from BIL, combine his interests in postage stamps, travel and gas companies.

Mr Guy Hallwright, an analyst with CS First Boston, which organised the placement, said it was likely the company would list at a premium to its share issue price of 45 cents. If GPG, with 323m shares on issue, listed at its issue price it would be about the 20th biggest company in New Zealand in terms of market capitalisation.

● Westpac one of Australia's largest trading banks, said its New Zealand operations had achieved a profit after tax of NZ$44.8m (US$25.5m) in the six months to end-March, compared with a loss of NZ$15m in the year-earlier period, AP-DJ reports.

The turnaround reflects a decline in bad and doubtful debts to NZ$18.9m in the first half, against NZ$97m for all of the bank's last fiscal year.

Mr George Stoopis, general manager for Westpac in New Zealand, said the result was a dramatic improvement.

This announcement appears as a matter of record only.

LAWSON MARDON GROUP LIMITED

(Incorporated with Limited Liability in the Province of Ontario, Canada)

7,800 Class A Subordinate Voting Shares

8,182,830 Class B Shares

The above securities, representing 28.4% of the share capital and 52.0% of the voting rights attached thereto, have been acquired by Cragnotti & Partners Capital Investment.

CRAGNOTTI & PARTNERS

CAPITAL INVESTMENT

June 1991

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 25.06.91: Pool purchase price £/MWh	Final Prices for Trading on 23.06.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.04	16.24	16.24
0100	16.04	16.12	16.12
0130	16.04	16.12	16.12
0200	16.04	16.24	16.24
0230	16.04	16.24	16.24
0300	16.04	16.12	16.12
0330	16.04	16.12	16.12
0400	16.04	16.12	16.12
0430	16.04	16.12	16.12
0500	16.04	16.12	16.12
0530	16.10	16.24	16.24
0600	16.10	16.24	16.24
0630	16.30	16.24	16.24
0700	19.12	16.41	16.41
0730	20.89	16.36	20.00
0800	21.23	16.81	20.45
0830	31.43	16.81	20.44
0900	32.11	19.05	20.69
0930	35.59	19.66	21.31
1000	36.36	19.66	21.31
1030	36.82	19.33	20.97
1100	42.57	19.33	20.97
1130	43.75	19.66	21.31
1200	44.37	20.96	22.66
1230	43.42	20.98	22.65
1300	41.63	20.98	22.66
1330	34.87	20.98	22.67
1400	29.58	19.93	21.59
1430	25.34	19.93	21.59
1500	21.29	19.05	20.69
1530	21.40	19.06	20.69
1600	31.01	19.93	21.69
1630	37.70	20.96	22.67
1700	37.75	21.00	22.68
1730	37.40	21.00	22.67
1800	30.62	21.00	22.69
1830	21.02	19.05	20.69
1900	21.30	18.81	20.45
1930	20.00	18.54	20.17
2000	17.09	18.54	20.17
2030	17.09	18.47	20.10
2100	20.87	18.47	20.10
2130	20.87	18.49	20.11
2200	22.88	18.49	20.10
2230	22.88	18.49	20.10
2300	22.88	18.47	20.08
2330	20.87	18.47	20.09
2400	18.66	18.47	20.09

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.80/MWh becomes 1.680p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

New Issue

These securities having been sold, this announcement appears as a matter of record only.

May 13, 1991

BREMER LANDESBANK

Bremer Landesbank

DM 250,000,000

Profit Participating Certificates of 1991/2003

Arranged and privately placed with institutional investors by

Bremer Landesbank

NOTICE OF REDEMPTION

US$125,000,000

Hydro-Québec

9% Debentures, Series DX, Due 1st August, 1992

NOTICE IS HEREBY GIVEN that Hydro-Québec will redeem all of the US$80,997,000 debentures outstanding on 1st August, 1991 (the "Redemption Date") at a price of 100% of the principal amount together with interest on such principal amount accrued and unpaid to the said date of redemption.

The redemption price on the Debentures shall be payable on or after the Redemption Date on presentation and surrender thereof with all unmatured coupons at any one of the following Paying Agents:

Bank of Montreal 11 Walbrook London EC4N 8ED England	Bank of Montreal Main Office 119 St. James St West Montreal H2Y 1L6 Canada	Bank of Montreal Trust Co. 77 Water Street New York NY 10005 U.S.A.
Banque Nationale de Paris 16 Boulevard des Italiens 75450, Paris France	Commerzbank AG 32-36 Neue Mainzer Strasse D-6000 Frankfurt (Main) 1 Germany	Credit Suisse 8 Paradeplatz 8021 Zurich Switzerland
Kredietbank N.V. 7 Rue d'Arenberg B-1000 Brussels Belgium	Kredietbank S.A. Luxembourgeoise 43 Boulevard Royal L-2955 Luxembourg	Union Bank of Switzerland 45 Bahnhofstrasse 8021 Zurich Switzerland
S.G. Warburg & Co. Limited Paying Agency 2 Finsbury Avenue London EC2M 2PA England	Westdeutsche Landesbank Girozentrale 15 Herzogstrasse D-4000 Dusseldorf 1 Germany	

Debentures should be presented for payment together with all unmatured coupons, failing which the face value of any missing unmatured coupon will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the missing coupon within a period of 10 years from the Redemption Date.

On and after the Redemption Date interest on the Debentures shall cease to accrue and all coupons maturing after this date shall be void.

HYDRO-QUÉBEC

Dated: 26th June, 1991

The Prudential Insurance Company of America

U.S. $500,000,000

Collateralized Mortgage Obligations Series 1986-1

For the period 25th June, 1991 to 25th July, 1991 the Bonds will carry an Interest Rate of 6.5125% per annum with an Interest Amount of U.S. $92.50 per U.S. $50,000 (the original Principal Amount) Bond, payable on 25th July, 1991. The Principal Amount of the Bonds outstanding is expected to be 34.088910444% the original Principal Amount of the Bonds, or U.S. $17,044.46 per Bond until the Fifty Fifth Payment Date.

Bankers Trust Company, London — Agent Bank

ALLIANCE AND LEICESTER BUILDING SOCIETY

Japanese Yen 10,000,000,000 Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six month period 27th June, 1991 to but excluding 27th December, 1991 the Notes will carry an interest rate of 7.15 per cent. per annum. The Coupon will be Japanese Yen 358,479 on the Notes of Japanese Yen 10,000,000. The relevant interest payment date will be 27th December, 1991.

Mitsui Taiyo Kobe Trust International Limited (Agent Bank)

International Bank for Reconstruction and Development

HK$500,000,000

10 1/8% Bonds due 1995

We hereby give notice that BT Asia Limited will be replaced as Fiscal Agent, & Paying Agent by Bankers Trust Company, Hong Kong Branch with effect from 1st July, 1991 in respect of the above bond issue

Agent

BT ASIA LIMITED

NEW ISSUE

This announcement appears as a matter of record only.

JUNE, 1991

NIHON DORO KODAN

– JAPAN HIGHWAY PUBLIC CORPORATION –

(Incorporated in Japan pursuant to the Nihon Doro Kodan Law)

U.S.$ 300,000,000

8⅝ per cent. Guaranteed Bonds Due 2001

unconditionally and irrevocably guaranteed as to payment of principal and interest by

JAPAN

Issue Price 99.34 per cent.

IBJ International Limited

Bank of Tokyo Capital Markets Group — Credit Suisse First Boston Limited

Deutsche Bank Capital Markets Limited — Goldman Sachs International Limited

UBS Phillips & Drew Securities Limited

DKB International — KOKUSAI Europe Limited

Lehman Brothers International — LTCB International Limited

Merrill Lynch International Limited — Mitsui Taiyo Kobe International Limited

J. P. Morgan Securities Ltd. — Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd. — Nomura International

Paribas Capital Markets Group — S.G. Warburg Securities

INTERNATIONAL CAPITAL MARKETS

French bank and Italian broker in joint venture

By Haig Simonian in Milan

SOCIETE Générale of France has teamed up with Studio Albertini, one of Milan's top stockbrokers, to establish a joint venture Societa di Intermediazione Mobiliare (SIM), Italy's new form of stockbroker-fund manager hybrid.

The move brings to six the number of brokers forming a SIM with banking partners. At least two more deals are expected to be announced once the definitive regulations governing SIMs are published next month.

The Société Générale-Albertini venture should start operations in January 1992 when the new regulations come into force.

Albertini will control 50.01 per cent of the venture, to be called Albertini & C, with Société Générale taking the rest. The bank will take its stake through a capital increase by the new company, which will initially be capitalised at more than L30bn ($22.6m). A further L10bn will be available in the form of convertible loan capital.

Studio Albertini is widely believed to have a strong foreign client list. Although no precise figures exist, the firm claims to account for around 5 per cent of turnover on the Milan bourse.

According to Société Générale, the Italian securities market was "very interesting, especially for its future prospects".

Société Générale is one of the biggest foreign banks in Italy, with around 400 staff. It has four branches or representative offices, a leasing subsidiary, and a 21-branch consumer credit operation.

Studio Albertini said Société Générale had been chosen because it offered a wide foreign network while not threatening its own client base.

Banca Cremi is sold

By Damian Fraser in Mexico City

THE Mexican government has sold Banca Cremi, one of the strongest of Mexico's state-owned banks, to a financial group headed by the Multivalores broking house for $248m.

The group bought 66.7 per cent of the bank at 18,082 pesos a share, valuing the bank at 3.4 times book value. The first two banks to be privatised, Multibanco de Mercantil and Banpais, changed hands at 2.66 and 3.04 times book value.

The winning financial group hopes to use Banca Cremi's extensive branch network to sell Multivalores' brokerage products and the bank's deposit base as a source of low-cost funding. The deal will enable Multivalores to sell banking services directly to clients.

The next three banks to be privatised are Confia, Banorie, and Bancreser, for which bids have to submitted in August. After that, the government will sell Banamex, the country's largest bank, which could be worth up to $3bn.

Finance firms change roles

THE SOUTH Korean government has approved the business conversion of five short-term finance firms into securities companies, AP-DJ reports from Seoul.

The five firms – Commercial Securities, Kukje Securities, Donga Securities, Dongbu Securities and Chohung Securities – plan to invest a total of Won100bn ($140m) in stocks during the first two months of their operations, according to company officials.

The approval brings to eight the number of short-term financing companies to have converted their business under a government programme to improve competitiveness among local institutions.

Treasuries trading mixed as data give confused picture

By Karen Zagor in New York and Simon London in London

BAD NEWS for the bond market, in the form of a revival in consumer confidence in June, depressed US Treasury prices in early trading yesterday. The negative impact of the consumer confidence report, however, was offset by news of a drop in Ford Motor's car sales for mid-June.

The Treasury's benchmark 30-year bond lost ground on the release of the consumer confidence index, which rose to 78 in June from 76.4 in May. This came on top of a 6 per cent rise in existing home sales in May, and a 3.8 per cent rise in durable goods orders.

By mid-session, however, the long bond had clawed its way back to a 1/16 gain to 95 11/32, yielding 8.51 per cent on news of a 14.8 per cent drop in Ford Motor's mid-June car sales. At the short end of the yield curve, the three-year note was down 1/32, yielding 7.39 per cent.

The Federal Reserve arranged two-day system repurchase agreements when Fed Funds were trading at 5¾ per cent. The move, which adds liquidity to the banking system, was widely expected, given the recent tightness in the funds rate.

■ UK government bond prices moved lower ahead of today's auction of £1.5bn in 10-year government stock as market professionals sold stock to accommodate the fresh supply.

The benchmark 11¾ per cent government bond issue closed the day at 107 1/16, for a yield of 10.61 per cent, down ⅜ point on the day.

The September gilt futures contract on the London International Financial Futures Exchange closed at 89.14, having opened the day at 89.19 and closed on Monday at 89.24. Volume was thin at 10,800 contracts.

Analysts said the market would probably show a strong reaction to the results of today's auction, with sentiment led by the level of overseas participation. Continental European buying of gilts has supported the market for much of this year.

■ FRENCH bonds were again weaker as political concerns continued to overshadow the market.

On the Matif, the Paris futures market, the September bond futures contract closed at 104.04, above the lowest point of the day but below the opening level of 104.12.

The fall came despite better-than-expected trade figures for May, which showed a deficit of FFr2bn against a revised FFr1.88bn in April. Market forecasts had centred on a worsening deficit of around FFr3bn.

German bonds were subdued, with prices little changed in thin trading. The benchmark 8⅜ per cent 10-year bund closed on a yield of 8.35 per cent, against 8.34 per cent on Monday.

Sentiment was buoyed by Bundesbank money market activities as the central bank injected funds to hold call money 15 basis points below the Lombard rate.

■ JAPANESE government bond prices moved higher overnight in Tokyo as the market reacted positively to an auction of Y800bn new 10-year government paper.

The Bank of Japan auctioned paper with a coupon of 6.7 per cent, the coupon level favoured by market participants. Bids were accepted at an average yield of 6.686 per cent.

The benchmark government bond issue No 129 closed the day on a yield of 6.84 per cent, against 6.86 per cent on Monday.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	104.1261	-0.824	11.31	11.14	10.59
BELGIUM		10.000	08/00	103.5500	-	9.39	9.28	9.18
CANADA *		9.750	06/01	97.7750	-0.475	10.11	9.92	9.61
DENMARK		9.000	11/00	98.1750	-0.250	9.28	9.23	9.07
FRANCE	BTAN	9.000	02/96	98.6050	-0.252	9.38	9.28	8.96
	OAT	9.500	01/01	101.3100	-0.220	9.27	9.17	8.97
GERMANY		8.375	05/01	100.1200	-0.120	8.35	8.34	8.33
ITALY		12.500	03/01	97.8100	-0.320	13.31	13.27	12.95
JAPAN	No 119	4.800	06/99	87.4040	+0.089	7.30	7.32	7.09
	No 129	6.400	03/00	97.5390	+0.027	6.85	6.87	6.66
NETHERLANDS		8.500	03/01	98.7500	-0.180	8.69	8.62	8.56
SPAIN		11.900	07/96	99.6500	-0.100	11.99	11.99	11.86
UK GILTS		10.000	11/96	97-30	-05/32	10.51	10.41	10.30
		10.000	02/01	96-12	-05/32	10.60	10.55	10.38
		9.000	10/08	89-26	-13/32	10.25	10.20	10.09
US TREASURY *		8.000	05/01	97-22	-01/32	8.35	8.27	8.08
		8.125	05/21	95-21	-08/32	8.53	8.46	8.30

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Canadian bonds sales to foreigners soar

A HEARTY appetite for funds among Canadian provinces and public utilities helped drive foreign investment in Canadian bonds to a near-record C$3.9bn (US$3.42bn) in April, writes Bernard Simon.

Statistics released yesterday show that bond sales to non-residents rocketed to C$11.2bn in the first four months of 1991, from C$4.8bn a year earlier. A monthly record of C$4.1bn was set in February.

In April alone, the provinces and utilities floated nine international issues averaging C$400m apiece. At the same time, investment by Canadians abroad has also been rising sharply, partly because of relaxed rules on foreign assets held by pension funds and other institutions, and also as a result of recent political jitters in Ontario.

Purchases of foreign securities by Canadians jumped to C$1.6bn in the four months to April, up from C$830m a year earlier. The April outflow of C$1bn was the second highest monthly total on record.

Australia values bank flotation at A$1.4bn

By Mark Westfield in Sydney

THE Australian government has set a value of A$1.4bn (US$1.06bn) for the 29.75 per cent of the Commonwealth Bank it plans to float over the next three months.

Institutions have begun to receive copies of the prospectus, which is due to be lodged with the Australian Securities Commission next week.

The flotation is expected to involve the issue of 240m shares at A$5.60 each, with another 9m shares to be offered to bank staff at a 10 per cent discount.

Brokers expect to have issued the shares by August in preparation for listing in September.

The flotation has been delayed by complications arising from the Commonwealth Bank's A$1.6bn acquisition last year of the troubled State Bank of Victoria.

Lead underwriter to the flotation is stockbroker J. B. Were and Sons, and the sub-underwriting panel includes leading institutions, the AMP Society and National Mutual.

Details in the prospectus of profit and dividend forecasts and the level of bad loan provisions by the bank remain confidential.

Futures to be traded on HK stock indices

By John Elliott in Hong Kong

HONG KONG'S Futures Exchange plans next month to launch the first of a series of contracts based on sub-indices of the local Hang Seng stock market index. The move is aimed at boosting business after almost four years of low trading volume.

Subject to formal approval from the colony's executive council, a properties sub-index is to be launched on July 16. It will comprise nine stocks, including Cheung Kong, Hongkong Land, New World Development, and Sun Hung Kai, and will be followed later in the year by other sub-indices covering finance, utilities, commerce and industry.

"Hong Kong is a property-oriented market, so we believe that the Hang Seng Properties Sub-Index will be attractive to all types of market participants," said Mr Gary Knight, who was brought in from Chicago as the exchange's chief executive six months ago.

The exchange has never truly recovered from the 1987 world markets crash when it had to be rescued by the government. Its main product, Hang Seng futures, has been attracting only about 1,500 to 2,000 contracts a day, compared with 30,000 to 40,000 before the 1987 crash.

Chilean telecom raises $80m for new investment

By Leslie Crawford in Santiago

INTERNATIONAL Finance Corporation (IFC) is to put together an $80m syndicated credit to help finance the ambitious investment plans of Chile's privatised telecommunications company, Compania de Telefonos de Chile (CTC).

CTC, in which Telefonica of Spain holds a controlling stake, plans capital investment of $1.2bn over the next five years. It also hopes to extend its expertise in the region.

A cellular telephone project in Paraguay is being bid for, and CTC would like to run data transmission services in Uruguay and Argentina.

Part of CTC's investment programme will be financed by bond issues at home and, perhaps, abroad.

CTC became the first Chilean company to be quoted on the New York Stock Exchange when it launched $90m-worth of American Depositary Receipts in 1990. The company's exposure on Wall Street is expected to help the IFC, a World Bank affiliate, in raising the syndicated credit. The ADRs were quoted at $29 recently, compared with $15 at issue.

CTC executives are in New York this week, bolstering the fund-raising efforts. Mr Oscar Marquez, CTC's financial manager, expects the syndicated credit to be ready by August.

The company is hoping to get similar terms to the IFC's original $80m loan, which carries an interest rate of 1.75 points over Libor, and is repayable over 10 years with four years' grace.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:35 pm on June 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102¼	+⅛	7.78
ALBERTA PROVINCE 9 3/8 95	600	103	103¼	-⅛	8.49
AUSTRIA 8 1/2 00	400	97¼	98⅛		8.87
BANK OF TOKYO 8 3/8 96	100	98¾	99¼	+⅛	8.72
BELGIUM 9 1/8 92	400	101½	102¼	-⅛	7.64
BFCE 7 3/4 97	150	97½	98⅛	+⅛	8.27
BNP 8 5/8 94	300	101¼	101⅝	-⅛	8.14
BP CAPITAL 9 5/8 93	150	102¼	103¼	-⅛	7.97
CANADA 9 96	1000	102⅝	102⅞		8.28
CARCO 9 1/4 96	650	100¼	101	+⅛	9.21
CCCE 9 1/4 95	300	103	103½		8.25
COUNCIL EUROPE 8 96	100	98¼	98⅞		8.43
CREDIT FONCIER 9 1/2 99	300	103⅛	103½		8.90
DENMARK 0 98	250	54⅝	55¼	+⅛	8.87
DENMARK 8 1/4 94	150	100½	100⅞	-⅛	8.05
ECSC 8 1/4 96	193	99¾	100¼		8.29
EEC 7 1/4 93	250	99⅝	100		7.46
EIB 7 3/4 96	250	97¼	98⅛		8.51
EIB 9 1/4 97	1000	102¼	102⅝	-⅛	8.78
ELEC DE FRANCE 9 98	200	101½	101⅞		8.68
EUROFIMA 9 1/4 96	100	101¾	102⅛	-⅛	8.76
EXPORT DEV CORP 9 1/2 98	150	103½	103⅞		8.81
FINLAND 7 7/8 97	200	95⅝	96¼	-⅛	8.85
FINNISH EXPORT 9 3/8 95	200	103	103½	-⅛	8.49
FORD MOTOR CREDIT 9 1/2 93	300	102¼	102⅝	-⅛	8.36
GEN ELEC CAPITAL 9 3/8 96	300	103	103½		8.60
GMAC 9 1/8 96	200	100¼	100⅝	+⅛	9.04
HALIFAX 9 1/2 93	200	102¼	102⅝	-⅛	8.23
IBM WORLD TRADE 7 5/8 93	150	99⅛	100⅛	-⅛	8.01
IND BK JAPAN FIN 7 7/8 97	200	95¼	96⅛		8.80
INTER AMER DEV 7 5/8 96	200	96¼	96⅞	-⅛	8.53
ITALY 8 1/2 94	1500	101⅛	101½		8.08
JAPAN DEV BK 8 94	150	100¼	100⅝		7.89
KANSAI ELEC PWR 10 96	350	103⅝	104⅛	-⅛	8.94
LTCB 8 5/8 95	150	101	101½	-⅛	7.93
NEW ZEALAND 8 93	100	100¼	100⅝	-⅛	7.93
NIPPON CRED BK 9 3/4 93	150	103¼	103⅝	-⅛	8.16
NIPPON TEL & TEL 9 3/8 95	200	103¼	103⅝	-⅛	8.33
NORDIC INV BANK 9 93	200	102⅛	102⅝		7.61
ONTARIO HYDRO 11 5/8 94	200	107⅝	108⅛	-⅛	8.28
OSTER KONTROLLBANK 8 1/8 93	200	100⅝	101⅛		7.53
PETRO-CANADA 7 1/4 96	200	94⅝	95⅛	-⅛	8.64
PRUDENTIAL RLTY SECS 0 99	366.216	50⅝	51⅛	+⅛	9.43
QUEBEC HYDRO 9 3/4 98	150	102⅞	103¼	+⅛	9.17
QUEBEC PROV 9 98	200	99¼	99⅞	+⅛	9.14
SAINSBURY 9 1/8 96	150	101¼	101⅝	-⅛	8.83
SAS 10 99	200	99¼	100¼		10.12
SBAB 9 1/2 95	500	103⅛	103⅝		8.45
STATE BK STH AUST 9 1/4 93	100	101⅞	102¼	-⅛	7.92
SUMITOMO BK CAP MKT 9 3/8 93	150	102½	103		8.15
SWEDEN 8 1/8 94	200	100¼	101		8.02
SWEDISH EXPORT 9 5/8 93	100	103¼	103⅝	+⅛	7.43
TOKYO METROPOLIS 8 1/4 96	200	99¼	99⅝		8.44
WORLD BANK 8 3/8 99	1500	98⅝	98⅞		8.79
WORLD BANK 8 3/4 97	1500	101⅛	101⅝		8.56
XEROX CORPN 8 3/8 96	100	95½	97	+⅛	9.48

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
DEUTSCHE BK FIN 5 5/8 96	750	89⅝	89⅞	+⅛	8.27
DEUTSCHE FINANCE 7 1/2 95	1000	97¼	97⅝	+⅛	8.23
EEC 5 3/8 93	300	95¼	95⅝	+1⅛	8.80
EIB 5 3/4 98	400	86⅛	86⅝	+⅛	8.53
EIB 6 7/8 95	300	94⅝	94⅞	+⅛	8.44
EUROFIMA 6 1/4 98	400	88	88		8.58
FERRO DEL STAT 5 3/8 93	500	95⅛	95⅝		8.83
IND BK JAPAN FIN 5 5/8 96	200	88⅛	88⅝	+⅛	8.73
IND DEV BK INDIA 6 3/8 94	200	88	88	-⅛	10.64
INTER AMER DEV 7 1/4 99	900	93⅛	93⅝	+⅛	8.44
LUFTHANSA INT FIN 5 7/8 98	500	86⅜	86⅞		8.48
MET EST & PROP INTL 7 99	150	87	87	-⅛	9.40
NAT BK HUNGARY 8 96	200	91¼	91⅞	+⅛	10.17
QUEBEC HYDRO 6 3/4 99	300	89⅝	89⅞		8.73
SWEDEN 6 1/8 98	300	88⅝	88⅞	-⅛	8.37
VENEZUELA 8 1/4 93	100	96	96		10.18
WORLD BANK 0 15	2000	16⅛	16⅝		7.74
WORLD BANK 5 3/4 96	300	87⅝	87⅞	-2⅛	9.15
WORLD BANK 7 1/8 95	500	94⅞	95⅛	-1⅛	8.84

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	94½		+⅛	6.50
AUSTRIA 4 5/8 98	100	90½		+1	6.42
CHUJITSUYA 7 3/4 95	50	101	102		7.45
COUNCIL EUROPE 4 3/4 98	250	89½	90		6.76
EEC 5 1/2 00	100	91½	92		6.74
EIB 5 3/4 93	100	98	98¼	+⅛	6.68
ELEC DE FRANCE 7 1/4 06	100	104½	105¼		6.75
FINLAND 5 3/8 95	150	96	96¼		6.45
GENERAL MOTORS 7 1/2 95	100	101	102	-½	7.17
JAPAN DEV BK 5 1/2 94	100	97	98		6.77
NEW ZEALAND 4 7/8 99	200	88¼	89	-¼	6.90
QUEBEC HYDRO 5 08	100	80½	81½	-½	7.01
SKANDINAVISKA ENSK 6 1/2 95	100	100		+½	6.48
WORLD BANK 5 03	150	86½	87		6.66
WORLD BANK 7 1/4 92	100	100¾	101	+⅛	6.48

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94⅛	94⅝		7.22
CANADA 4 3/8 92	80000	97	97¼		7.60
CREDIT FONCIER 5 1/4 94	20000	93¼	94¼		7.33
DENMARK 7 95	40000	99½	99⅞		7.14
EIB 4 5/8 94	40000	93½	93⅞	-⅛	7.21
GENERAL ELECTRIC 5 3/4 93	35000	97	97½	+⅛	7.60
INTER AMER DEV 7 1/4 00	30000	100⅞	101¼	-⅛	7.11
ITALY 5 3/4 92	150000	99	99⅜		7.31
KANSAI ELEC PWR 4 5/8 94	60000	93¼	93⅞		7.38
NIPPON TEL & TEL 5 7/8 96	50000	95	95⅝	-⅛	7.04
NORWAY 5 1/8 95	50000	93¼	93⅞	-⅛	7.10
SWEDEN 5 5/8 95	20000	94⅝	95⅛		7.12
WORLD BANK 6 3/4 00	50000	98⅝	98⅞	-⅛	7.00

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94¼	95¼		9.23
KREDIETCORP 7 93 LFr	1000	96	97		9.14
WORLD BANK 8 96 LFr	1000	96¼	97¼		8.84
ALBERTA PROVINCE 10 92 C$	500	100¼	100⅝		9.71
BCE INC 9 5/8 93 C$	300	98⅞	99¼	-⅛	10.37
BELL CANADA 10 5/8 99 C$	150	97½	98	-⅛	11.10
BRITISH COLUMBIA 9 1/4 93 C$	150	98⅝	99		10.20
EIB 10 1/8 98 C$	130	99	100¼	+⅛	10.32
FORD CREDIT CANADA 10 94 C$	100	97⅞	98⅜	-⅛	10.91
GENERAL ELECT CAP 10 1/4 93 C$	175	100¼	100⅝	-⅛	10.14
MONTREAL TRUSTCO 8 1/2 92 C$	100	98⅜	99¼		10.50
ONTARIO HYDRO 10 7/8 99 C$	500	99⅜	99⅞	-⅛	10.98
QUEBEC PROV 10 1/2 98 C$	200	97	97½	-⅛	11.09
ROYAL TRUSTCO 10 1/4 93 C$	100	98⅞	99⅜		10.91
SWEDEN 9 3/4 93 C$	250	99⅜	100⅛	-⅛	9.87
BELGIUM 9 1/8 96 Ecu	1250	99⅛	99⅝		9.24
CMT 7 3/8 93 Ecu	250	95⅛	95⅝	-⅛	10.83
CREDIT LYONNAIS 9 96 Ecu	125	96¼	96⅞	-⅛	9.83
DENMARK 7 5/8 96 Ecu	250	91⅝	92⅛	-⅛	9.95
EEC 7 5/8 94 Ecu	200	95⅝	96⅛	-⅛	9.41
EIB 10 97 Ecu	1125	103⅝	104	-⅛	9.07
ITALY 10 3/4 00 Ecu	1000	107⅝	107⅞	-⅛	9.41
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅛	99⅝	-⅛	9.25
BMW FINANCE 14 1/2 92 AS	100	101½	102⅛	-⅛	11.82
COUNCIL EUROPE 13 93 AS	50	101	102	-⅛	12.20
EKSPORTFINANS 12 3/8 95 AS	75	102⅛	103	-⅛	11.54
FORD CRED AUST 13 93 AS	50	100⅜	101⅛	-⅛	12.80
ICI 15 1/2 92 AS	100	103	103⅝	-⅛	11.85
MCDONALDS CANADA 15 95 AS	100	108⅛	108⅝	-⅛	12.27
NAT AUSTRALIA BANK 14 3/4 94 AS	150	105⅝	106⅛	-⅛	12.05
STATE BK NSW 14 1/4 93 AS	100	107⅛	108⅛	-⅛	12.65
VOLKSWAGEN INTL 15 94 AS	100	106⅝	107⅛	-⅛	12.04
ABBEY NATL TREAS 13 3/8 95 £	100	105⅛	105⅝	-⅛	11.40
BARCLAYS JERSEY 9 1/2 93 £	250	97⅝	97⅞	-⅛	11.15
BRITISH GAS 12 3/4 95 £	300	104⅛	104⅝	-⅛	11.16
DEUTSCHE BK FIN 11 94 £	225	100⅛	100⅝	-⅛	10.88
EIB 10 97 £	386.5	95⅝	96	-⅛	11.03
FORD CREDIT FUNDING 9 5/8 93 £	50	96⅛	96⅝	-⅛	11.92
INTER AMER DEV 11 3/8 95 £	75	101½	102	-⅛	10.87
ITALY 10 1/2 14 £	400	91½	92	-⅛	11.54
LAND SECS 9 1/2 07 £	200	79⅝	79⅞	-⅛	12.55
LEEDS PERMANENT 9 1/4 93 £	50	96⅛	96⅝	-⅛	11.43
NORWAY 10 1/2 94 £	200	99⅛	99⅝	-⅛	10.84
ROLLS-ROYCE 9 5/8 93 £	150	96½	97	-⅛	11.67
SAINSBURY 10 7/8 93 £	100	99⅜	99⅞	-⅛	11.23
SKANDINAVISKA ENSK 13 1/8 95 £	100	104⅛	105⅛	+⅛	11.42
WORLD BANK 11 1/4 95 £	100	101⅛	101⅝	-⅛	10.82
ABBEY NATIONAL 0 96 NZ$	100	57⅝	58⅝		11.02
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104⅛	105⅛	-⅛	10.82
AIDC 7 7/8 93 FFr	600	95⅜	96⅛	-⅛	9.96
CREDIT LYONNAIS 10 95 FFr	3200	100⅞	101⅛		9.72
EURATOM 7 5/8 98 FFr	500	91⅛	91⅝	-⅛	9.41

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	99.99	100.09	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.51	99.61	11.9250
BANCO ROMA 0.03 01	200	92.50	93.80	7.9363
BANCO SANTO SPIRITO 93	300	99.53	99.67	6.5000
BELGIUM 1/16 97 DM	500	99.95	100.10	9.1250
BFCE -0.02 96	350	99.79	99.89	6.1050
BNP 05	300	95.75	96.75	6.4375
BRITANNIA 1/10 96 £	150	99.09	99.29	11.9750
CCCE 06 ECU	200	99.82	99.89	9.9938
CITIZENS FED 0.15 96	100	99.25	99.75	7.0250
COMMERZBK O/S FIN 93	200	99.93	100.03	6.5625
DENMARK -1/8 96	1000	99.57	99.67	6.3938
DRESDNER FINANCE 1/32 98 DM	1000	99.89	99.98	9.2656
ELEC DE FRANCE 1/8 99	400	100.25	100.75	7.0000
FERRO DEL STAT 94	200	100.55	100.77	6.8750
HALIFAX 1/10 94 £	200	99.73	99.90	11.7250
HILL SAMUEL 1/4 PERP	75	81.50	84.00	6.4375
MITSUI FIN ASIA 1/8 96	100	99.68	99.78	7.0000
MORGAN (JP) 1/4 97	250	98.88	99.38	6.2500
NAT WEST FIN 3/16 05	400	93.00	94.00	6.5000
NEW ZEALAND 93	500	99.70	99.80	6.5000
QUEBEC PROV 01	300	96.50	96.75	6.1250
RENFE 98	500	99.86	99.96	6.0625
SOCIETE GENERALE 96	300	99.09	99.19	6.3125
STATE BK VICTORIA 0.05 99	125	98.50	98.75	7.8625
UNITED KINGDOM -1/8 96	4000	100.00	100.03	6.1875

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	114⅛	115⅛	+14.13
ASDA-MFI 4 3/4 02 £	180	1.64	117⅛	118⅛	+96.01
BURTON GROUP 4 3/4 01 £	110	3.15	118⅝	120	
EASTMAN KODAK 6 3/8 01	300	50.67	95⅛	96⅛	+21.67
GOLD KALGOORLIE 7 1/2 00	65	1.0554	68⅛	69⅛	+50.01
GOODYEAR TIRE 6 7/8 03	150	88⅛	71	72⅛	+68.20
GRACE (WR) 6 1/4 02	150	42⅛	89⅛	90⅛	+17.69
HANSON 9 1/2 06 £	500	2.5875	97	97⅞	+22.14
HAWLEY 6 02 PREF	400	1.91	85	87	
HILLSDOWN 4 1/2 02 £	150	4.16	109⅛	110⅛	
INTL PAPER 5 3/4 02	200	68⅛	106⅛	107⅛	+2.51
LAND SECS 6 3/4 02 £	84	6.72	85½	87⅛	+15.22
MITSUBISHI BK 1 3/4 02	300	2727.1	104⅛	105⅛	-1.62
OGDEN 6 02	85	39.877	69⅛	70⅛	+37.89
PACIFIC DUNLOP 6 3/4 97	75	3.749	105⅛	106⅛	-0.34
TEXAS INSTRUMENTS 2 3/4 02	300	82⅛	82⅛	83⅛	
THORN EMI 5 3/4 04 £	103	7.45	111⅛	112⅛	+12.92

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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INTERNATIONAL CAPITAL MARKETS

Japanese interest aids two US deals totalling $700m

By Tracy Corrigan

DESPITE the lacklustre performance of the US bond market, two borrowers raised funds totalling $700m in the dollar sector yesterday.

Many banks still have not sold portions of aggressively-priced Eurobonds launched in recent weeks, and so are not keen to take on more inventory.

Japanese investors, however, are said to be showing some

INTERNATIONAL BONDS

interest in dollar bonds, partly because they have a positive view on the dollar. Although they have shunned recent corporate deals, they are more willing to buy paper issued by the European Investment Bank and Deutsche Siedlungs-und-Landeskreditbank, both triple-A rated.

Because of the poor tone of the market, Goldman Sachs and Salomon Brothers did not attempt to assemble an underwriting group for their $500m seven-year deal for the EIB.

It will be priced later today at a spread of 38 basis points above the yield curve, a basis point or two above comparable issues in the secondary market. The pricing was considered aggressive in current market conditions.

Instead, they underwrote nearly all the bonds themselves, apart from a slice taken by IBJ International, and then invited a selling group. According to Goldman, around $100m of the issue has been placed by the selling group so far.

Goldman reported strong demand from Japan, and also from Hong Kong. The deal will have an 8¾ per cent coupon, which is higher than for some recent deals. In addition, there has been little issuance by sovereign or supranational borrowers recently, and little volume is expected.

If the EIB had swapped the proceeds of this issue into floating rate dollars, it would have achieved a margin of only 14 basis points below the London interbank offered rate, well below most borrowers' floating rate targets.

Meanwhile, DSL launched a $200m two-year deal. Because the US bond yield curve is very steep, the deal has only a 7½ per cent coupon, and traders said the 39 basis point spread looked tight.

Although it is not a well recognised name, DSL is a strong credit, and recent two-year deals have performed well. Lead underwriter Nomura said it sold $61m itself yesterday.

● India has had its long-term debt rating downgraded by two notches from Baa3 to Ba2 by Moody's Investors Service. Its short-term debt has been downgraded from Prime-3 to Not Prime.

Last month, Standard & Poor's downgraded India from BBB−, its lowest investment grade rating, to BB+. India's $1.5bn of outstanding long-term debt is now rated below investment grade by the two biggest US credit rating agencies.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
DSL Bank(a)†	200	7½	100⅞	1993	1⅛/1.075	Nomura Int.
Ryosan Co.(a)♦	100	4	100	1995	2¼/1½	Daiwa Europe
SWISS FRANCS						
Shizuki Electric Co.(b)★★♦	60	2¾	100	1996	-	Coutts and Co.AG
Meisei Industries Co.(c)★★♦	50	2¾	100	1996	-	Coutts and Co.AG
Nichiban Co.(d)★★♦	50	2½	100	1995	-	Credit Suisse
Mikasa Coca-Cola B'ling(e)★★♦	45	2¾	100	1996	-	Credit Suisse
Stamina Foods Inc.(f)★★§	35	4	100	1995	-	Coutts and Co.AG
Gyosei Corp(a)★★†	30	7⅛	100	1996	-	Dai-Ichi Kyo.Bk (Schweiz)
YEN						
SIF (Australia)(a)†	10bn	7.55	100	1996	30/15bp	Morgan Stanley Int.
Tripe Series 5(a)†	4.5bn	7.4	101⅝	1995	1⅝/1⅛	Toyo Trust Int.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable 23/7/92 at 102% declining ¼% semi-annually. c) Callable 18/7/92 at 102% declining ¼% semi-annually. d) Callable 11/7/93 at 101% declining ½% annually. e) Callable 11/7/94 at 101% declining ½% annually. f) Put option 28/2/94 at 107% to yield 6.53%.

Ibusz raises equity for Sch81.6m placement

By Nicholas Denton in Budapest

A FURTHER placing of shares in Ibusz, the Hungarian travel and financial services group, began with western investors yesterday after shareholders agreed to a 10 per cent equity increase.

The issue price of Sch680 ($54.4m), a small discount on the market price of Sch710, values the placing at Sch81.6m. A parallel sale of a further part of the 56 per cent stake retained by the Hungarian state after the capital increase is planned.

Ibusz and its advisers are also exploring the possibility of putting the shares on SEAQ International, the international price quotation-display system for the London Stock Exchange.

According to independent brokers' reports, Ibusz is heading for rapid profits growth this year and next. Brokers predict profits growth of more than 50 per cent in both years following the disappointments of 1990.

They would mark a sharp turnround for Ibusz, whose financial results did not live up to the glamour of its role as east Europe's first company to go public.

Ibusz net profits fell 43 per cent to Ft307m ($4.8m) in 1990.

The latest share placing allows Ibusz to meet the minimum capital requirements for its banking subsidiary.

NM Rothschild, mandated to sell the state stake which remained after last year's partial privatisation of Ibusz, hopes for a further offering of Ibusz shares late this year or early next year, once the Ibusz bank has built up some sort of proven track record.

Credit Suisse First Boston plans shortly to market Pannonplast, a state-owned plastics manufacturer, to western institutional investors. James Capel, working with Nomura Securities, has proposed to place Dannbius, a state hotel company, with western institutional investors and the Hungarian public in September.

Innovative $600m issue from GM

By Sara Webb

GENERAL Motors of the US is raising about $600m in the international equity markets using an unusual equity instrument which offers investors a high yield in return for a limited capital gain.

PERCS – or preference equity redemption cumulative stock – is a proprietary product, devised by Morgan Stanley and used once before by Avon Products in connection with the company's restructuring.

However, GM will be issuing 14m PERCS to raise capital, the first time they have been put to this use. Investors will receive a dividend yield in the range of 7.75 to 8.25 per cent, about twice the prevailing yield on GM's ordinary shares, according to Morgan Stanley.

The PERCS can be converted into ordinary shares after three years. However, investors will have their conversion premium capped at 30 to 35 per cent, so if the ordinary shares increase by more than that, investors will have their share entitlement scaled back. GM will have a fixed price call right. The pricing of the issue is imminent.

The money is being raised for general financing purposes,

INTERNATIONAL EQUITIES

and the lead manager expects the issue to appeal to income-oriented investors, who do not mind sacrificing potential capital gains after three years for a high yield.

Elsewhere, Teva Pharmaceutical Industries, the leading Israeli pharmaceutical group, is issuing 4.5m ADRs at $13 in a deal worth $58m. The equity offering will be split, with 3.5m ADRs offered in the US and the remainder sold worldwide.

The company is only selling 1.5m new ADRs as WR Grace, the US chemicals company, is selling its 3m ADRs.

The additional financing will be used for general corporate purposes, for example the repayment of short-term debt. One of the other main shareholders is the Maxwell-controlled company Bishopsgate Investment Management which, as a result, will have its shareholding reduced from 18.7 per cent to 17.5 per cent. Lehman Brothers is running the books, and Merrill Lynch is co-manager.

Carnival Cruise Lines is issuing 7.85m shares worth about $175m, through Goldman Sachs. Of these, 1.6m will be offered internationally. The company is selling 5m new shares while the Arison Family Foundation is selling 2.85m of its shares. The money will be used for expanding Caribbean itineraries.

The recent fall in the Italian stock market has led to speculation that the planned international offering of shares in STET, Italy's state-controlled telecommunications holding company, may be called off or postponed.

IRI, the Italian state holding company which controls STET, plans to sell some of its non-voting shares in STET to foreign investors. Lehman Brothers, the lead manager, and IRI emphasised yesterday that investors were showing considerable interest in the forthcoming issue.

IRI has stressed that the pricing is still "a long way off" and will be fixed in the week starting July 8.

Liffe set to launch FT-SE Eurotrack futures contract

Tracy Corrigan says a positive response is expected

THE London International Financial Futures Exchange today launches a futures contract on the FT-SE Eurotrack 100 index, made up of 100 continental European stocks.

The contract is expected to make a rather slow start as many dealers and investors are unfamiliar with the technical complexities of the contract. In addition, the current weakness of European stock markets is likely to discourage futures trading.

However, investors are making increasing use of index products generally, and dealers are optimistic about the medium to long-term growth of the Eurotrack contract.

Investors will be able to use existing FT-SE 100 index products in conjunction with the Eurotrack future to gain pan-European exposure. (The FT-SE Eurotrack 200 index includes UK stocks.)

The Eurotrack 100 futures contract will have to compete with futures and options on a rival index, the Eurotop, which consists of 100 European shares and has a 22 per cent UK weighting.

Futures and options on Eurotop were launched on June 6 on Amsterdam's European Options Exchange and Zurich's Swiss Options and Financial Futures Exchange (Soffex), but volume has been very low.

Many dealers say that Eurotrack derivatives will meet stronger demand because they are based on a better index. The Eurotrack index has good correlation with the key European benchmark indices (such as the FTA and Morgan Stanley) and so tends meet a positive response in the UK, where fund managers often split UK and continental European investments. There has also been some interest from Japanese fund managers.

Mr Michael Jenkins, chief executive of Liffe, said market-makers on the London Traded Options Market, which is set to merge with Liffe, are keen to launch options on the index, but will wait until the future is well-established.

The Chicago Board Options Exchange plans to list Eurotrack options, and the American Stock Exchange, the New York Stock Exchange and the CBOE are all licensed to trade warrants on the index.

The Matif, originally expected to launch a Eurotop futures contract to coincide with the EOE and Soffex, now says it will wait until later this year.

National Power paper programmes

By Simon London

NATIONAL Power, the largest of the UK electricity generating companies, has set up a $500m Euro-commercial paper programme and a $750m US commercial paper programme to fund working capital requirements.

The programmes have been rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service, the US credit rating agencies.

S&P said that the rating reflected National Power's "aggressive cost control and conservative financial management". Earlier this year the company announced plans to cut its workforce by 2,000, saving around £100m ($164m) a year in fixed costs.

The rating agency also commented that it expected National Power's capital expenditure programme with only modest external borrowing over the medium term.

● Akzo, the Dutch pharmaceuticals group, has signed a $200m Euro-commercial paper programme, arranged by UBS Phillips & Drew. The programme replaces one established in 1987 and allows for the issuance of paper in Ecus, sterling and dollars.

Timetable set for Polish privatisation

By Christopher Bobinski in Warsaw

Mr GRZEGORZ Wojtowicz, appointed head of the National Bank of Poland (NBP) at the start of the year, has been given 12 months to privatise at least five of the country's nine leading state-owned banks.

This was disclosed yesterday by President Lech Walesa. He told workers at a factory in Warsaw that Mr Wojtowicz's appointment would be terminated if he did not succeed.

"I think he'll stick to this timetable and I shall certainly stick to mine," Mr Walesa said. The head of the NBP is appointed by parliament but nominated by the president.

Foreign banks are to be offered a 20 per cent share in each bank while the state is to retain a 30 per cent golden share. Between 40 and 50 per cent of the equity is to be offered to domestic investors.

● American Express yesterday opened its first office in Warsaw since 1939. The office is aimed mainly at foreign tourists and business travellers. The company is also considering introducing credit cards for hard currency holding Polish nationals as well as a domestic currency card.

● Poland's Bank Handlowy has set up a joint venture with Lazard Frères offering consulting services and investment advice called International Financial Services – Poland.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday June 25 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Jun 24: Index No.	Fri Jun 21: Index No.	Thu Jun 20: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (186)	813.86	-0.1	11.16	5.92	11.02	17.53	814.54	822.38	820.76	906.53
2 Building Materials (24)	1038.43	+0.2	10.02	5.97	12.46	28.15	1036.80	1050.17	1046.50	1163.60
3 Contracting, Construction (31)	1204.18	-2.2	9.52	6.53	13.82	31.53	1231.24	1243.93	1246.95	1483.12
4 Electricals (10)	2344.89	+0.6	11.20	5.71	11.37	61.85	2330.76	2346.30	2346.94	2628.85
5 Electronics (25)	1719.30	+0.3	9.05	5.23	14.71	10.00	1714.14	1733.10	1736.85	1808.90
6 Engineering-Aerospace (8)	424.17	+0.3	16.45	5.90	7.31	10.83	422.82	424.06	420.58	475.51
7 Engineering-General (47)	436.58	....	12.64	5.86	9.58	9.64	436.46	439.38	441.46	502.64
8 Metals and Metal Forming (8)	444.24	-0.5	20.42	7.78	6.02	3.76	446.56	450.75	448.74	505.39
9 Motors (13)	320.39	+0.1	12.38	7.58	9.52	9.98	320.14	325.31	322.56	378.29
10 Other Industrial Materials (20)	1505.90	+0.1	9.31	5.33	12.63	33.45	1504.65	1517.34	1511.33	1641.09
21 CONSUMER GROUP (188)	1447.48	+0.2	8.19	3.76	15.02	22.39	1444.32	1461.91	1458.65	1330.90
22 Brewers and Distillers (22)	1776.99	+0.6	8.75	3.71	13.92	27.30	1766.97	1798.96	1803.64	1629.69
25 Food Manufacturing (20)	1153.38	....	9.94	4.29	12.40	22.69	1152.92	1162.88	1156.58	1122.97
26 Food Retailing (16)	2590.01	-0.2	8.53	3.23	15.35	39.42	2596.20	2614.21	2600.14	2546.22
27 Health and Household (21)	3518.50	+0.9	5.44	2.44	20.98	30.21	3487.35	3531.41	3529.02	2572.88
29 Hotels and Leisure (23)	1250.53	-1.0	10.47	5.54	11.33	23.85	1263.36	1279.36	1277.39	1527.66
30 Media (26)	1385.21	+0.1	9.28	5.08	13.67	29.60	1383.29	1397.89	1390.10	0.00
31 Packaging, Paper & Printing (17)	680.12	-0.3	8.18	4.85	14.79	14.33	682.25	687.19	690.31	616.27
34 Stores (33)	882.84	....	8.82	4.17	14.83	15.89	882.46	893.70	887.16	854.76
35 Textiles (10)	535.77	-2.4	10.00	5.83	12.35	11.43	548.68	553.79	557.58	506.65
40 OTHER GROUPS (187)	1194.72	-0.3	10.05	5.37	12.20	16.87	1198.21	1212.17	1215.38	1215.18
41 Business Services (12)	1251.87	-0.4	9.24	5.20	13.22	13.23	1256.67	1272.62	1271.11	0.00
42 Chemicals (21)	1375.08	+0.1	8.22	5.24	13.71	32.35	1374.07	1389.07	1387.86	1315.85
43 Conglomerates (10)	1388.54	-2.0	10.96	7.47	11.01	31.93	1416.56	1447.06	1447.27	1710.16
44 Transport (13)	2172.69	-0.4	8.48	4.85	14.69	38.36	2180.86	2192.08	2185.35	2338.56
45 Electricity (14)	1165.72	-0.2	12.21	5.72	10.31	0.00	1168.63	1181.84	1178.74	0.00
46 Telephone Networks (4)	1401.09	-0.4	10.61	4.35	12.34	5.58	1406.40	1423.56	1439.16	1247.18
47 Water (10)	2266.88	+1.3	18.00	6.89	6.13	39.69	2237.67	2248.73	2253.99	1967.32
48 Miscellaneous (23)	1912.66	+0.4	6.07	4.99	21.16	42.19	1905.54	1923.37	1926.57	1843.28
49 INDUSTRIAL GROUP (481)	1213.44	....	9.36	4.70	13.12	19.68	1213.48	1227.44	1226.67	1201.81
51 Oil & Gas (19)	2366.20	+0.1	11.47	5.78	11.48	50.59	2364.44	2375.63	2354.66	2339.07
59 500 SHARE INDEX (500)	1311.18	....	9.64	4.84	12.88	22.18	1311.09	1325.03	1322.80	1297.52
61 FINANCIAL GROUP (97)	777.97	....	-	6.13	-	20.54	778.42	786.25	780.88	815.82
62 Banks (9)	865.69	+0.3	7.97	6.40	18.21	22.63	863.38	871.08	863.62	865.72
65 Insurance (Life) (7)	1456.44	-0.6	-	5.68	-	41.64	1464.88	1485.96	1464.65	1481.48
66 Insurance (Composite) (6)	673.48	-0.2	-	6.50	-	20.23	675.10	682.97	678.25	712.64
67 Insurance (Brokers) (8)	1109.43	+0.1	7.05	6.11	18.48	29.60	1107.91	1114.22	1117.58	1022.07
68 Merchant Banks (7)	414.69	-0.5	-	5.05	-	10.87	416.90	417.72	417.77	441.46
69 Property (40)	907.82	....	6.86	5.31	20.11	18.80	907.82	917.91	911.37	1094.61
70 Other Financial (20)	261.90	-0.7	9.95	7.15	12.48	7.07	263.81	266.20	270.44	298.73
71 Investment Trusts (70)	1187.46	-0.8	-	3.55	-	18.66	1196.61	1213.64	1212.55	1221.68
99 ALL-SHARE INDEX (667)	1182.36	....	-	4.98	-	21.47	1182.63	1195.23	1192.43	1181.10

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 24	Jun 21	Jun 20	Jun 19	Jun 18	Year ago
FT-SE 100 SHARE INDEX‡	2461.2	+2.9	2469.0	2449.7	2458.3	2487.5	2479.9	2484.7	2516.0	2399.8

FIXED INTEREST

PRICE INDICES	Tue Jun 25	Day's change %	Mon Jun 24	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (29)	120.67	-0.04	120.72	1.78	5.81
2 5-15 years (27)	128.71	-0.19	128.96	2.10	6.73
3 Over 15 years (9)	134.56	-0.36	135.05	1.81	6.44
4 Irredeemables (6)	147.66	+0.03	148.60	1.00	7.34
5 All stocks (71)	128.35	-0.15	128.55	1.98	6.48
Index-Linked					
6 Up to 5 years (1)	158.92	....	158.91	0.38	2.72
7 Over 5 years (10)	145.19	+0.01	145.17	0.66	2.22
8 All stocks (11)	146.15	+0.01	146.13	0.66	2.23
9 Debs & Loans (56)	109.26	+0.03	109.23	2.23	5.03

AVERAGE GROSS REDEMPTION YIELDS		Tue Jun 25	Mon Jun 24	Year ago (approx.)
British Government				
1 Low	5 years	9.18	9.12	10.55
2 Coupons	15 years	10.15	10.14	10.54
3 (0%-7¾%)	20 years	10.15	10.14	10.54
4 Medium	5 years	10.54	10.51	11.87
5 Coupons	15 years	10.44	10.39	10.99
6 (8%-10¾%)	20 years	10.34	10.29	10.78
7 High	5 years	10.71	10.68	11.97
8 Coupons	15 years	10.59	10.54	11.24
9 (11%-)	20 years	10.46	10.41	11.03
10 Irredeemables	†	10.33	10.33	10.52
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.38	4.38	5.26
12 Inflation rate 5%	Over 5 yrs.	4.33	4.39	4.16
13 Inflation rate 10%	Up to 5 yrs.	3.45	3.44	4.16
14 Inflation rate 10%	Over 5 yrs.	4.14	4.14	3.98
15 Debs &	5 years	11.89	11.89	13.34
16 Loans	15 years	11.68	11.68	12.86
17	25 years	11.50	11.50	12.86

‡Opening index 2449.7; 9 am 2452.9; 10 am 2462.1; 11 am 2462.6; Noon 2462.0; 1 pm 2464.5; 2 pm 2466.8; 2.30 pm 2468.7; 3 pm 2467.2; 4.10 pm 2461.5; (a) 2.36pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	63	18
Corporations, Dominion and Foreign Bonds	0	6	14
Industrials	158	445	918
Financial and Properties	56	238	450
Oils	10	26	53
Plantations	0	1	9
Mines	17	53	91
Others	29	92	43
Totals	272	924	1,596

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	-	107	101	Abtrust Prefered Inc. Tst.	104		N12.32	-	15.8	-
$102	F.P.	-	106½	104	Do. Zero Div. Prf.	106½		-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

[illegible] ... estimates for 1991-92. ‡ Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ¶ Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTIONS

● First Dealings June 24
● Last Dealings July 5
● Last Declarations Sept. 26
● For settlement Oct. 7

For rate indications see end of London Share Service

Calls in Aviva Pet., Burton, Davy Corp., Business Tech., Next, NSM, Scottish Power, Torday & Carlisle and Tusker Res. Put in Bluebird Toys.

FT FINSTAT THE FINANCIAL TIMES STATISTICS SERVICE

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The FT-Actuaries Share Indices Service

FINSTAT, the Financial Times Statistics Service, offers a unique range of electronic information relating to the FT-Actuaries Share Indices. Your PC can now access all of the actual statistics used in calculating this important series, bringing new accuracy to your analysis. Printed details are also available.

For further information contact FINSTAT on 071-925 2323

Bison pushes NSM down to £3.8m

By Richard Gourlay

NSM, the debt-laden mining and building materials group, reported a collapse in pre-tax profits from £26.2m to £3.77m in the year to March 31 1990.

Debt rose from £13.1m to £64.9m, *taking balance sheet* gearing to 124 per cent.

Including leases and other loans, gearing finished the year at 175 per cent.

Mr John Jermine, chief executive, said the fall in profits followed a collapse in margins at Bison, the reinforced concrete supplier; lower volume and margins in coal extraction; and a failure to make any disposals of refurbished coal sites in the second half of the year.

NSM had the support of its bankers, Hill Samuel and the Bank of Scotland, for a business plan involving sales of assets including the waste division, he added.

Sales increased 8 per cent to £185.9m and the shares closed up 1½p at 14p after Mr Jermine bought 500,000 shares at 13p.

Earnings per share fell from 9.75p to 0.84p and the final dividend is omitted.

The company also reported extraordinary losses of £8.2m, some £5m of which related to losses on the fencing and plastics divisions.

Had £2.5m of operating losses in these divisions been taken above the line before the businesses were sold, NSM would have actually barely broken even for the year, analysts said.

The plastics and fencing businesses were bought after the open-cast coal mining company, which emerged from the Burnett and Hallamshire group in 1988, tried to exploit the successful Bison name by diversifying into building materials.

However, profits at Bison *have run into a wall and the* cashflow it spun off to fund the development of the waste business also ran out.

After making a £5.5m profit in the first half, Bison went into losses in the second half of 1991.

Mr Jermine, who joined NSM *as chief executive after* conducting a study for the company in January, said no-one at Bison had any idea they were facing such a precipitous fall in business demand.

Interest charges rose from £8.51m to £9.01m – and this despite receiving the proceeds of a £49m rights issue in February last year.

Debt rose largely as a result of £10m spent on acquiring coal assets in the US, capital expenditure of £10m on the US coal businesses, £10m spent on the UK waste businesses, and £9m acquiring Monoliet, a Dutch pre-cast concrete flooring company.

● COMMENT

This is one for investors who, like NSM's bankers, are looking for long term recovery.

For, as the company says, it could be as late as 1993 before Bison sees a recovery in the building market.

And, in the meantime, NSM will have to pay about £6m in interest this half-year, a tall order given Bison's problems *unless coal turns around* sharply.

What NSM needs is a bit of luck reducing debt by finding an early buyer for the waste division, for which it can expect to receive £20m, and an upwards tick in coal prices in the US.

It also needs a recovery in demand for *land and building* services sooner than almost everyone is anticipating.

Without these blessings, NSM is looking at break even for the year at the pre-tax level, no dividend this year and *no yield attractions to support* the stock.

TI takes control of Japanese seals group

By Michiyo Nakamoto in London and Robert Thomson in Tokyo

TI GROUP, the specialised engineer, has acquired a 50.14 per cent stake in Dover Japan, a publicly-quoted Japanese *company which produces* engineered seals for the commercial shipping market, from US-based Dover Corporation for Y5.7bn (£25m) cash.

TI is also acquiring Dover Corporation's complementary *US and European marine seals* activities for about $34m (£21m).

The moves are part of a planned expansion of John Crane International, TI's engineered seals business, which is already represented in Japan through a joint venture.

Dover Japan, which is traded on the Japanese over-the-counter market, said that TI would make a good partner because "it is easy for us to see that the company has an active attitude to doing business".

The company added that it *had ambitions to expand its* international business and the TI purchase would allow expansion on a "big scale".

It is a world leader in the manufacture of stern tube sealings for ships, which account for about 72 per cent of sales, and has 134 employees.

Last year it had sales of *Y3.3bn and pre-tax profits of* Y600m. Net assets at the end of December 1990 were Y2.8bn.

TI's purchase represents a rare case of a foreign company acquiring control of a publicly-quoted Japanese business. Its fellow shareholders are headed by several Japanese banks which each have stakes of 5 *per cent.*

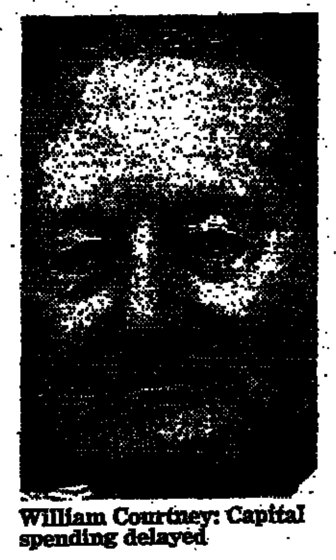
Southern Water will not pass on environmental spending

By Clare Pearson

SOUTHERN WATER yesterday ruled *out seeking permission* from the Office of Water Services this year to impose extra charges on customers to meet environmental spending not foreseen at privatisation.

Mr William Courtney, chairman, said Southern had decided not to make such a "cost pass through" applica*tion because of its strong* financial position. It had also had to hold up some capital spending until implications of a new EC directive on waste water were sorted out.

Mr Courtney said Southern was *unable to design, let alone* start work upon, a number of long sea-outfalls until the government had sorted out exactly what was wanted.



William Courtney: Capital spending delayed

He was speaking as Southern unveiled pre-tax prof*its of £97.1m (£84.1m)* for the year to end-March. It is recommending a final dividend of 11.8p for a 17.7p total.

Mr Courtney said that profits before interest in the core subsidiary were "in line with forecast profits agreed with the government" He added that Southern had not increased charges by the full amount allowed.

Turnover was £251.2m (£225.8m). Earnings worked through at 53.4p (46.4p).

Comparative profits were notional, calculated on the basis that Southern had been privatised for a full 12 months.

● COMMENT

As the water sector is over*whelmingly preoccupied* with wondering what nasty shock Mr Ian Byatt, the economic regulator, will spring on the companies next, Southern's decision not to seek a cost pass-through brought sighs of *relief in the City yesterday.* For Southern to have made such an application – as it is perfectly entitled to do – would have been voluntarily to put itself under the regulatory microscope at a highly inopportune moment. *This way,* it has avoided doing so probably until after the next general election. That worry out of the way, the shares look rather attractive. Pre-tax profits this year should reach £120m. That *means the prospective yield is* right at the top end for the sector at about 8.8 per cent.

£8m ASIT bid for Lancs & London fails

Anglo Scandinavian *Investment Trust's £8.2m bid* for Lancashire & London Investment Trust failed yesterday with ASIT owning or having acceptances for just 45.1 per cent of the target company's equity, writes Philip Coggan.

However, ASIT now owns outright a stake of about 41 per cent in Lancashire & London, which *still* leaves a question mark over the long term future of the trust, which mainly invests in small companies.

ASIT had built up a stake of 27 per cent in Lancashire and had clashed with the latter's board prior to the bid, over the management of the trust, and over a "smoking fuse" which would have allowed *sharehold*ers to vote on winding up the trust in 1995, and at subsequent annual meetings.

The defeat of the bid was largely ensured by a 38 per cent plus holding controlled *by companies associated with* the business empire of the late Sir Walter Salomon.

Lancs & London shares fell 3p to 160p yesterday, while ASIT shares were unchanged at 79p.

Capital spending fall hits Halma

By Michiyo Nakamoto

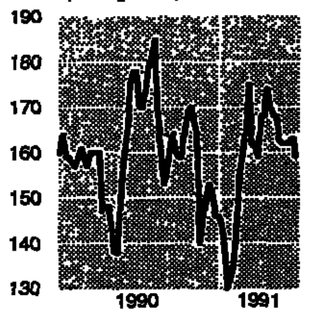
THE DOWNTURN in capital investment in the UK hit profits at Halma, the safety, security and environmental control group, which suffered a 6 per cent decline in taxable income from the previous year's record level.

In the year to March 30 1991, *the group* reported pre-tax profits down from £14.14m to £13.26m, on turnover up 5 per cent at £81.87m (£78.08m). Out of 30 group companies, 12 reported record profits over the year.

The group was shielded from the downturn in UK activity and to some extent in the US, by an increase in business overseas. *Growth in continen*tal European sales was particularly pronounced and turnover there increased by 30 per cent to £13.84m. Overall sales to overseas markets rose by 13 per cent to £4.53m.

UK sales were flat although this was partly due to the closure of businesses which had predominantly UK-based activ*ities. In the summer it closed* A&G Security Electronics, which made control panels, and Post Glover Medical Products, which manufactured hospital monitoring equipment and incurred an extraordinary *loss of £1.08m (£850,000).*

Halma



Source: Datastream

The group continued its ambitious acquisition policy with the purchase of four companies during the year, including Smith Flow Control, a manufacturer of safety devices used in the petrochemical field, which had a record year.

Halma has a net cash position of £1.02m despite spending *£4.53m last year on acquisi*tions and a further £4.2m on capital investment.

Earnings per share slipped to 9.08p (9.74p) and a final dividend of 1.42p (1.136p) is recommended for a total payment up from 1.843p to 2.34p. A further 1-for-3 scrip issue is also recommended.

● COMMENT

Halma will have its fans, even after a set of results that were disappointing in the light of the group's previous sparkling performance. The results show that while its diversity helps it escape the worst effects of the recession it is not immune from *the slowdown, particu*lary in capital expenditure activity. The present management's track record suggests that Halma will swing back into its profits growth mode fairly quickly, as it has done under the guidance of the present team in the only two occasions it failed to increase income in the past. Capital investment has been maintained at a strong level. Profit as a percentage of sales was a commendable 16.2 per cent while the overall return on net assets employed was 41 per cent. However, a strong perfor*mance this year will depend to* some extent on the timing of economic recovery in the UK. Prospective pre-tax profits of £15.5m place the shares on a multiple of 15, which is a premium worth considering.

Oceana set to launch Etam bid

By John Thornhill

OCEANA Investment *Corporation, the investment* vehicle for the Lewis family of South Africa, looks set to launch its long-expected bid for the Etam fashion group today.

The announcement may be accompanied by some form of fund-raising exercise which is likely to involve Foschini, the South African retailing chain run by the Lewis family, and National Westminster and Hambros banks.

Any bid from Oceana would *almost certainly be fiercely* resisted by the Etam board which rebuffed an earlier approach.

Oceana is restricted from bidding more than 185p for each Etam share as this was the maximum price it offered Etam shareholders when it made a tender offer for 18.5 per cent of the company's shares in *May*.

At that price Etam is valued at about £121m. Yesterday Etam's shares closed unchanged at 180p.

Oceana has been stalking Etam for many months and now owns a 27.1 per cent shareholding in the company.

It is believed that Oceana has been told by the Takeover Panel that it must either make a bid by 5pm today or withdraw from the field for a year. The Panel is thought to have been concerned *at the stock* market speculation swirling around Etam.

Greenwich Resources

Greenwich Resources cut losses from £935,000 to £66,000 after tax for the six months ended March 31. There was an improved contribution of £308,000 (£203,000) from the Australian Paddington mine and the ending of losses in Sudan (£116,000 in 1990).

British Telecom plans to break into US video conferencing market

BRITISH Telecommunications plans to become a significant force in the US video conferencing market, currently worth $1.3bn (£800m) a year, writes Hugo Dixon.

The company already has 80 *per cent of the UK's much* smaller video conferencing market.

BT said it would build a presence in the US market virtually from scratch, using its existing North American sales force which focuses primarily on data communications.

It has also signed a technol*ogy pact with Motorola,* the US electronics group, to develop components for video conferencing and *has arranged for* Pierce Phelps, a US systems integrator, to provide technical support and maintenance.

Customers will have to pay between $65,000 and $80,000 to buy the necessary equipment, and a one hour's conference between the US and the UK will cost about $1,500.

SOUTHERN WATER

Preliminary results for the year ended 31 March 1991

"I am pleased with our robust financial performance. We are on schedule to meet all commitments to higher standards."

WILLIAM COURTNEY, CBE
CHAIRMAN

Turnover increased by 11.2% to £251.2 million.

Capital expenditure increased from £126 million to £141 million.

Pre-tax profits up by 15.5% to £97.1 million on a pro-forma basis.

Earnings per share up 15.1% to 53.4p.

Proposed final dividend of 11.8p making a total for the year of 17.7p.

Our 1991 Report and Accounts will be sent to shareholders at the end of July. Copies will also be available from: The Company Secretary, Southern Water plc, Southern House, Yeoman Road, Worthing, West Sussex BN13 3NX.

Southern Water plc
making water work – for customers and shareholders

NEWS DIGEST

Flextech seeks £6.8m via rights

FLEXTECH, the oil services company with media and communications interests, is rais*ing about £6.8m by way of a* 2-for-7 rights issue.

Over 7m new ordinary shares at 100p each will be issued and the proceeds used for the costs of further investment in Starstream – The Children's television Channel – and the purchase of the outstanding 16 per cent minority interest in Expro, its oil services subsidiary.

This will in total absorb about £4.7m after allowing for part payment in shares. The balance will contribute towards Flextech's share of the working capital needs of Starstream and IVS.

The company also announced that pre-tax profits for the year to March 31 would be not less than £6.1m, representing a 28 per cent improvement. Total dividends are forecast to be at least 50 per cent higher at 1.5p per share.

The rights issue is fully underwritten by NM Roths*child*.

Debenham Tewson Chinnocks down

Debenham Tewson & Chinnocks, the architect, surveyor and consulting engineer, reported pre-tax profits down from £9.3m to £4.06m in the *year to April 30, and is cutting* the dividend.

The final is 3.6p to make 6p, compared with 7.7p last time. *Earnings* fell to 7.57p (18.96p).

Turnover fell 9 per cent to £40.82m (£45m), but Mr Richard Lay, chairman, said it had stood up well in the face of the current state of the property market.

Extending the range of services and geographical spread had given some measure of protection. The greatest emphasis had been placed on Europe, where Mr Lay believed there were substantial opportunities.

The rise in costs was restricted to under 3 per cent. Mr Lay said there would have been a reduction but for more bad debts, significantly higher rent and rates, and closure and redundancy costs.

Platon tumbles £484,000 into loss

Platon International, the USM-quoted instrumentation group, suffered a £900,000 turndown, from profits of £408,000 to a loss of £484,000 for the year to *March 29.* The result was struck after exceptional rationalisation costs of £410,000.

Mr Robin Meyer, chairman, blamed the recession in the UK for the setback; and although progress was made in the rest of Europe, he said that could not prevent an overall fall in profitability.

He added that virtually *every aspect of the company's* operations had been subject to scrutiny, with a refocusing of strategy based on organic growth.

Turnover increased 27 per cent to £6.56m (£5.18m), with overseas sales doubled to £3.08m (£1.6m). Losses per share were 5.1p (5.7p earnings) and again there is no dividend.

Jones & Shipman £960,000 in loss

Jones & Shipman, the maker of standard and computer-controlled precision grinding and honing machines, fell £960,000 into the red in the year to March 31. For the previous 15 months there were profits of £2.07m.

Turnover dropped to £22.38m (£30.88m) and the taxable result came after redundancy costs of £1m and interest charges of £325,000, up from £149,000.

Losses per share amounted to 8.2p (10.4p earnings) and there is no final dividend proposed, *making 1p for the year* (6p for 15 months).

Exceptionals leave Bulgin in red

Exceptional costs of £563,000 left AF Bulgin, the maker of electronic and electrical components and power supplies, in the red for the year to end-January.

Pre-tax losses were £505,000 compared with profits of £356,000 which included exceptional profits of £10,000.

The charge related to the *costs of moving the power con*version division to Lincoln and setting up the German operation.

Turnover was £14.14m (£12.39m). Losses per share were 1.21p (earnings 0.95p) and the proposed single final dividend is halved at 0.1p.

77.3% acceptance for Granada rights

The rights issue by Granada Group has been taken up as to 92.7m new ordinary shares, representing 77.26 per cent. Those shares for which valid acceptances were not received will be sold at a ⅝p premium to the 140p issue price.

Micrelec fall bears out profit warning

Shares of Micrelec Group fell 8p to 102p as annual profits from the USM-quoted control and instrument company confirmed the directors' warning issued in March.

The taxable outcome for the 12 months to March 31 amounted to £1.85m, a 12 per cent decline on the previous year's £2.1m. Mr Peter Beck, chairman, said the slowdown in business, reflecting reduced investment by international oil companies, Micrelec's main customers, was still continuing, although market share had been retained.

Turnover improved to £19.97m (£17.98m), although this increase was mainly attributable to a full year's contribution from CGF Automation and its CMS subsidiary.

Earnings per 5p share dipped to 9.32p (12.07p) but the final dividend is maintained at 2.8p for a total of 4.15p (4p).

Birmingham Airport static at £8.46m

Birmingham International Airport, owned by local authorities in the West Midlands, achieved pre-tax profits of £8.46m in the year to end-March, little changed from the previous year. Turnover rose some 15 per cent to £41.6m.

There was a downturn in *business during the last quar*ter as the aviation industry came under pressure from the effects of the Gulf war. Passenger and aircraft movement over the year showed a small increase, but aircraft cargo operations rose 43 per cent over the 1989-90 year.

STATE BANK OF INDIA
U.S.$100,000,000
Floating Rate Notes due 1997

For the six months, 24 June 1991 to 24 December 1991 the Notes will bear interest at 6.5375% p.a. with a Coupon amount of US$332.32 per US$10,000 Note payable on 24 December 1991.

Agent Bank:
Lloyds Bank Plc

This notice is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"). It does not constitute an invitation to the public to subscribe for or purchase any shares.

Listing Particulars relating to United Friendly Group plc have been delivered for registration in accordance with Section 149 of the Financial Services Act 1986 to the Registrar of Companies in England and Wales.

Application has been made to the Council of The London Stock Exchange for the issued Ordinary Shares of 10p each and the B (Restricted Voting) Shares of 10p each in *United Friendly Group plc to be admitted to the Official List. Dealings in both classes of* share are expected to commence on 4th July 1991.

United Friendly Group plc

(Incorporated in England under the Companies Act 1985. Registered No. 2575316)

Introduction to the Official List

SHARE CAPITAL

Authorised £	Authorised Number		Issued and to be issued fully paid* £	Issued and to be issued fully paid* Number
150,000	1,500,000	Ordinary Shares of 10p each	[illegible]	[illegible]
10,050,000	100,500,000	B (Restricted Voting) Shares of 10p each	[illegible]	[illegible]

*On the basis that the Scheme of Arrangement becomes effective and that conditional notices of exercise in respect of options over a total of 1,806,426 B (Restricted Voting) Shares in United Friendly Insurance plc are not withdrawn before the close of business on 2nd July, 1991.

Details of the above mentioned shares are included in the Companies *Fiche Service available for collection from The London Stock Exchange.*

Copies of the Listing Particulars relating to United Friendly Group plc are available for collection during normal office hours for the next two business days from The London Stock Exchange, Company Announcements Office, 46-50 Finsbury Square, London EC2A 1DD and on any weekday (Saturdays and public holidays excepted) up to and including 10th July, 1991, from:

County NatWest Wood Mackenzie & Co. Limited, 135 Bishopsgate London EC2M 3XT

United Friendly Group plc 42 Southwark Bridge Road London SE1 9HE

26th JUNE 1991

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Warning from Brent Walker chief

By Maggie Urry

A WARNING that Brent Walker would go into receivership if shareholders did not vote to remove Mr George Walker and Mr John Hemingway from the leisure group's board was delivered at a special meeting of shareholders yesterday.

The group's shares fell 1p to 27p.

Mr Walker used the meeting to open his campaign to remain on the board; his supporters were handing out letters to shareholders stating his case.

He, Mr Hemingway, and Mrs Jean Walker, his wife, who are still non-executive directors, sat on the platform with the rest of the board.

Yesterday's meeting was to consider technical legal points arising from the sharp fall in the group's net assets. Resolutions to remove Mr Walker, Mrs Walker and Mr Hemingway from the board will be put at another meeting next Tuesday.

Lord Kindersley, chairman, told shareholders that the removal of the two men was a condition of the banks' approval of a restructuring plan aimed at saving the group from receivership. "If you want the company to survive the choice is obvious," he said.

Mr Walker pooh-poohed suggestions that the banks would push the group into receivership. He said he had the support of three of the banks, which held shares, to stay on the board and claimed that the banks as a whole had not demanded his removal.

He said shareholders should ask the banks to state categorically that they wanted him to go, adding "if all the banks say I've got to go I'll go rather than hurt the company."

After the meeting Lord Kindersley said the banks had made Mr Walker's and Mr Hemingway's removal "such a cardinal point" of the restructuring plan that he seriously thought they would put the group into receivership if the two men did not go.

He said the group's business plan, which envisaged it selling assets and trading its way out of heavy debt over a period of years, "is unlikely to be fulfilled with George Walker and John Hemingway still on the board. The task of getting the plan fulfilled is hard enough as it is without having a spilt board," he said.

Lord Kindersley repeatedly tried to stop shareholder discussion of Mr Walker's position saying that only questions relating to the agenda for yesterday's meeting could be raised.

However, Mr Walker fuelled discussion, telling shareholders at one point: "I'm staying on the board of Brent Walker not only to look after my interests but yours."

He said the other directors had less than 1 per cent of the group but under the restructuring plan the board would receive shares giving it a 10 per cent holding in five years time.

Lord Kindersley later said this incentive to management had been watered down in recent negotiations.

Birdcage Walk, the Walker family company, was shown as holding 12.4m shares last November, nearly 25 per cent of the group, and has preference shares and convertible bonds which give the family 27 per cent of the equity on a fully diluted basis.

Lord Kindersley said the banks were due to give approvals to the restructuring plan by the end of this week, although there was some "elbow room". The aim was to send out a circular detailing the plan in time for a further special meeting around the end of July, when shareholders will vote on the restructuring.

Lord Kindersley said an announcement about a deal to expand the pub chain, which would indirectly inject some cash into the group, was close. The group said six weeks ago it was in talks with several major brewers on the issue.

Ashley Ashwood

George Walker: fighting to retain his non-executive seat on the board. Shareholders will be asked to decide at a meeting on Tuesday next week

Morland seeks £10.8m to expand pubs chain

By Philip Rawstorne

MORLAND, the Thames Valley-based regional brewer, is to make its first cash call on shareholders to help fund the £16.4m acquisition of 101 pubs from Courage.

It proposes to raise £10.8m via a 1-for-4 rights issue of 4.2m new shares at 265p – a 55p discount on yesterday's opening price.

The balance of the deal, which will increase Morland's estate by 50 per cent to 300 pubs, will be financed through a medium term bank facility.

Whitbread Investment Company, which has a 43.6 per cent stake, is taking up its full entitlement. The rest of the issue has been underwritten by Baring Brothers.

The WIC stake could cause problems for both Whitbread and Morland if it remains above 15 per cent after November next year.

Under the terms of the government's tied estate order, Morland's pubs would then be added to those of Whitbread in calculating the number – half the excess above 2,000 – to be freed from tied beer supplies.

Mr Jasper Clutterbuck, Morland's chief executive, said yesterday that the company was working to resolve the situation.

The deal would leave Morland with gearing of about 10 per cent and the financial flexibility to grasp further opportunities, Mr Clutterbuck added.

The package of tenanted pubs from Courage has been tailored to fit Morland's present trading region, extending it into more densely populated areas such as Slough, Woking, Guildford, Aldershot and Farnham.

NEWS DIGEST

Danka advances to £9.35m

DANKA BUSINESS Systems, the US-based business equipment supplier formerly known as American Business Systems, yesterday announced a 10.5 per cent rise in annual profits and said that in view of its strong growth pattern, it intended to move up from the USM to a full listing.

Pre-tax profits for the year to March 31 increased from £8.46m to £9.35m, on turnover up 6 per cent to £93.8m (£88.75m). Earnings per share were 23.1p (20.7p) and the dividend totals 3p (2.4p) with a recommended final of 2p.

Mr Dan Doyle, chief executive, said the decline in the dollar meant that group performance was affected by translation. In dollar terms, turnover increased 21 per cent, while pre-tax profits, reflecting improved margins, gained 26 per cent.

An extraordinary charge of £2.23m included £2.06m for the partial buy-out – 70 per cent – of Mr Doyle's performance-related bonus entitlement.

Westport dives into £1.08m deficit

Reduced demand for exhibition, photographic and marketing services knocked Westport Group down from pre-tax profits of £2.06m to a loss of £1.08m for the year ended April 30, one of "major restructuring and significant change".

The figure was struck after exceptional charges of £998,000 relating mainly to redundancy costs and stock write-downs.

Charges amounting to £2.34m, also relating to the restructuring, were taken below the line.

The only sector of the group remaining strongly profitable was its Town and Country open air markets business.

Turnover was £18.21m (£18.81m). Losses per share stood at 0.7p (1.3p earnings) and there is no dividend proposed for the year (0.6p).

Northumbrian Fine Foods accelerates

The return to profitability at Northumbrian Fine Foods, the snack food maker, has gathered momentum since February and the group made £264,000 pre-tax for the year to March 31 1991.

Looking forward to "an excellent" 1991-92, directors are lifting the dividend from 1.5p to 1.75p, with a final of 1p.

Earnings were 0.51p, against losses of 3.03p on £279,000 pre-tax in the previous year.

Mr Richard Adams, chairman, said sales forecasts for the current year showed a 40 per cent increase, excluding the sold Danish Natural Foods. After three months the group was ahead on sales and profits.

Country Fitness Kitchens, which was bought last year and is the largest producer of flapjacks in the UK, was experiencing unprecedented demand. It had been behind with orders for three months but Mr Adams hoped that additional capacity now installed would solve that within a few weeks.

Turnover rose to £7.89m (£6.91m); some 40 per cent of that was private label to a wide spread of customers.

USH venture with French company

United Scientific Holdings and Société de Fabrication d'Instruments de Mesure are to become partners in Sopelem, the French electro-optics company.

USH will sell 15 per cent of its 49 per cent holding to SFIM, which has also purchased the 51 per cent owned by the other French shareholders. USH will apply proceeds of the sale to reducing its bank borrowings.

As well as becoming partners, the three companies will market each other's products in certain cases and team on specific programmes.

Expedier swinging into loss of £1m

A warning of a first half loss of some £1m was sounded by Expedier, the USM-quoted group which provides services to the sporting, entertainment and exhibition industries.

It would compare with a profit of £584,000 for the opening six months, and with £1.27m for the whole of 1990.

Directors said there had been a considerable reduction in trading during the latter part of April and in May, normally two of the group's stronger months.

They were continuing with the repositioning of the group, and trying to reduce borrowings through asset sales and cost reductions.

Losses mount to £2.07m at EFG

EFG reported a taxable loss of £2.07m for the 26 weeks to March 31, compared with profits of £495,000. The loss at the year end was £84,000.

The result was struck after exceptional costs of £884,000 and increased interest charges of £844,000, against £487,000.

During the year the USM-quoted company sold its core forestry management and timber businesses, a move which prompted an unsuccessful attempt by some shareholders to remove Mr Alan Joynes, the chief executive. The sale left EFG concentrating on the garden leisure market and an extraordinary charge of £125,000.

A charge of £318,000 on the write-down of its Great Haseley Trading Estate was also taken above the line.

Turnover fell to £22.82m (£25.41m). Losses per share were 12.55p (earnings 2.31p). No interim dividend is declared (1.25p), following the passing of last year's final.

DIVIDENDS ANNOUNCED

Bulgin (AF)	fin	0.1	Aug 30	0.2	0.1	0.2
Danka	fin	2	Aug 14	1.6	3	2.4
Debenham Tewson	fin	3.6	Aug 30	5.3	6	7.7
EFG §	int	nil	-	1.25	-	1.25
Helma	fin	1.42	Aug 16	1.136	2.34	1.843
Jones & Shipman	fin	nil	-	3	1	6‡
Micrelec §	fin	2.8†	Aug 30	2.8	4.15	4
National Power	fin	5.5	Oct 15	-	-	-
North'brian Fd §	fin	1	Sept 5	0.75	1.75†	1.5
NSM	fin	nil	-	3.5	0.5	3.5
Sims Food	fin	7.61†	Oct 2	7.19	10.25	9.83
Soundtracs §	int	0.85	Sept 30	0.85	-	2.2
Southern Water	fin	11.8	Oct 1	10.02	17.7	10.02
Westport	fin	nil	-	0.6	-	0.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For 15 months.

48% downturn at Soundtracs

The global recession and initial investment in new production plant in Scotland combined to depress results of Soundtracs in the six months to April 30.

This USM-quoted professional audio equipment specialist saw turnover fall 20 per cent, from £1.95m to £1.57m, and pre-tax profit plunge 48 per cent, from £375,000 to £195,000.

The dividend is held at 0.85p as the group was confident of meeting targets. Earnings per share fell to 1.29p (2.44p).

Sims Food ahead as BSE scare recedes

By Michiyo Nakamoto

A GRADUAL recovery in consumer confidence in UK meat helped Sims Food Group report higher annual profits despite a 21 per cent fall in the first half.

The receding scare over mad cow disease enabled the company to reaffirm its view that "most of the adverse effects of BSE were now behind us."

As a result Sims enjoyed a strong second half which took pre-tax profits for the year to March 31 up to £8.22m from a previous £8.07m.

The improvement was achieved on turnover up 36 per cent at £227.99m (£167.91m). This included contributions from several acquisitions made during the year at an estimated cost of £5m.

The company increased boning and other activity for the Intervention Board, where payments tend to be made later than in other businesses. Together with an increase in low-margin turnover in the trading division this took operating margins for the year down from 5.1 per cent to 4.2 per cent.

The retail division, which provides customer-ready packs of meat to supermarkets, benefited from their move away from in-store butchery. Turnover rose from £94m to £143m.

The catering division, however, suffered from a reduction in the amount spent by consumers on dining out which resulted in a 12 per cent decline in underlying turnover. The group believes this is a temporary setback and remains confident that the trend to eat away from home will continue.

The trading division, which comprises TS & W, a meat import and export company, increased turnover from £2m to £28m, mainly on low margin business.

All divisions made a profit contribution.

The group announced several changes to the board, including the resignation of Mr Ron Randall, chief executive.

Mr John Stone, chairman, becomes chief executive while Mr Charles Lenox-Conyngham is appointed non-executive chairman.

Mr Randall and his wife will retain 1m of their 2m (8.22 per cent) beneficial shareholding in the company. The balance was placed yesterday with institutional shareholders.

Borrowings increased to £11m giving higher gearing of 40 per cent. Interest charges jumped to £1.32m (£486,000) but interest was covered 7.2 times.

Earnings per share, down 32 per cent at the halfway stage, rose from 22.5p to 23p. A recommended final dividend of 7.61p makes a total of 10.25p (9.8p).

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DIVIDENDS UP 49.3%

RESULTS IN BRIEF	1990	1989	1988	1987	1986
	£'000	£'000	£'000	£'000	£'000
TURNOVER	31,236	26,558	20,921	15,463	6,068
PROFIT BEFORE TAX	6,012	5,035	3,171	2,034	781
EARNINGS PER SHARE	34.9p	30.0p	22.6p	14.9p	6.4p
DIVIDENDS	5.0p	3.35p	2.7p	1.8p	1.2p

- The company now operates 20 hotels and 16 Serviced offices.
- It is intended to make further acquisitions when opportunities present themselves to take advantage of the present climate.
- Gearing remains at a low level aided by £10.1 million lease and leaseback transaction.
- The company is confident that it will give the best possible account of itself in a difficult year and will progressively improve in 1992.

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We believe in the knowledge, ability and experience of our staff. Worldwide, Bayer employs approximately 13,000 people in research and development. With their expertise and sense of responsibility they are making their contribution to solving the problems of the future.

During the first five months of 1991 trading conditions remained difficult. Compared with the preceding year, income before income taxes fell by approximately 4 per cent.

BUSINESS DEVELOPMENT

1991 In the first quarter, Bayer Group net sales fell by 1.9 per cent to DM 10,799 million and income before income taxes by 5.4 per cent to DM 880 million.

1990 Bayer Group net sales: DM 41,643 million. Share of sales outside Germany: 78.3 per cent.

Bayer Group capital expenditures: DM 3,687 million. Group research expenses: DM 2,738 million.

Income after taxes for Bayer Group: DM 1,903 million.

Dividend per share: DM 13 per share of DM 50 nominal, which is DM 831 million on capital stock of DM 3,190 million distributed to some 375,000 shareholders.

If you would like to know more about Bayer, please write to Bayer AG, Public Relations Department, 5090 Leverkusen, Germany.

Bayer Aktiengesellschaft Leverkusen

Bayer

Birds fly the green banner

BOC's first television advertising campaign features thousands of brightly coloured flamingoes flocked on an African lake. The water was reoxygenated by the industrial gases group, which used the birds to promote the company's activities. Research shows the environmental message worked.

Birds appeal to the environmentally conscious; they evoke positive images and emotions – freedom, nurturing, strength, speed – and they look good as logos, in advertising campaigns and on a company's letterhead.

Bovis, the construction group, has a humming bird logo. British Rail Intercity's is a swallow. Woolworth choose a kingfisher when renaming its holding group, while Samsonite opted for an eagle to feature in its latest television luggage advertisement. Think of any well known bird and there is probably a product named after it.

Now the Royal Society for the Protection of Birds is hoping to make money from the birds it protects, by linking up with big name brands in mutually advantageous promotion schemes.

Matthew Gloag and Son's Naturefund competition on its one-litre bottle of Famous Grouse whisky is one example. The RSPB gets £1 for every valid competition entry (£1,200 so far). The company enjoys increased sales (one wholesaler reports May sales up 30 per cent on last year). And the consumer has a chance at 400 prizes while feeling good for helping a charity.

Premier Brands is hoping to boost sales of its Allinson cereals with an imminent promotion which will help fund the RSPB's Ban the Wild Bird Trade campaign.

The RSPB plans to increase business links further, by introducing a database for identifying relevant market sectors, companies and products, and by conducting more detailed research of its members' lifestyles. It is also offering companies the services of its ornithologists, should they wish to name a new brand after a bird.

Hilary de Boerr

Chris Clarke examines the MSc course at Imperial College's Centre for Environmental Technology

Skilled in the laws of nature

Environmental legislation is not usually associated with employment opportunities. But a growing number of European Community regulatory posts, closely shadowed by positions in industry and commerce, are needed to cope with the surge in green laws. The result is a mushrooming of demand in the environmental labour market and a staggering skills shortage.

Peter Oye, who works in the Milan office of UK-based consultants Environmental Resources Ltd (ERL), says few people in Italy are qualified to take on such regulatory tasks, at a time when environmental issues in the country are gaining momentum. The picture is similar in the rest of Europe.

Nevertheless, specialist engineers, biologists and chemists, together with a handful of graduates in environmental science, are emerging slowly. What is more difficult to find, however, are people with the profile that Robin Bidwell, ERL's managing director in London, sees as the most sought after: a solid first degree in science or engineering, inter-disciplinary skills at management level and some years' experience in business or public affairs. Ideally, they should also be fluent in a second language.

Oye is one of nearly 500 people who have completed the one-year MSc course at the Centre for Environmental Technology, Imperial College, London (ICCET). The centre is widely seen as a pioneer in post-graduate environmental management training in Europe. Its graduates can be found in positions of growing influence in a long list of companies and organisations in many countries, from the World Bank, British Gas and National Power, to government departments and non-governmental organisations as far afield as Tibet.

The centre originated from an Imperial College working party in 1976, under the then rector, Sir Brian (now Lord) Flowers, a past chairman of the Royal Commission on Environmental Pollution. The working party saw the need for training and research in the environmental area, and an opportunity to draw on the expertise in Imperial's various departments.

ICCET was established in 1977 as Imperial's first inter-disciplinary centre and has now become a permanent department. The MSc course was designed from the outset to be the core of ICCET's work, though a flourishing PhD and research programme has developed alongside it.

Students on the ICCET course combine hard science with law, economics and policy

In its first year there were 24 students. Since then, the numbers have steadily grown, reaching 60 this year, 11 of them from abroad, including one from Czechoslovakia. More than 300 people have applied for next year's course and the quality of the applicants has improved since the start.

There has been a higher proportion of women on the course than in most Imperial College departments, at around 50 per cent. Nigel Bell, the centre's director, would like to raise the student intake to about 100, but the present accommodation does not allow it and he is determined to maintain the communal spirit that comes from keeping everything within one building.

The course is split into three elements: a compulsory core course, from October to December; an option selected from five choices, from January to March; and a research project, from April to September. The core course integrates hard scientific units with others covering law, economics and policy.

For many students the legal element of the course is the most important part. Since many students are from science and engineering backgrounds, the legal aspect is often a completely new experience which they return to in their future careers. Richard Macrory, associate director of the centre, is the only reader in environmental law in Britain, and both he and Bell are advisers to UK parliamentary select committees.

The second-term options are: pollution, ecological management, energy policy, water management and radioactivity in the environment. These have changed over the years, mainly in response to staff expertise, and new options are under consideration, such as waste management, transport and environmental impact assessment. The research projects cover a wide range of subjects, often involving extensive engagement with practical problems and, like MBA projects, can lead directly to a job after graduation.

Overall, as with MBAs, the work is intensive and group work is encouraged for some assignments. Both the core course and the options culminate in formal exams, which some of the overseas students find difficult, mainly because of different examination traditions, according to Bell. Nevertheless, most students manage to get through.

The centre has eight permanent staff and can draw on about 45 from Imperial College as a whole. The close co-operation with Imperial's management school is being stepped up next year. The centre also takes advantage of Imperial's field station at Ascot, to give the students a residential weekend just after they start.

Considerable emphasis is given to contacts with the real world, and senior speakers from industry, government and non-governmental organisations are brought in to give seminars during the year. Students are also encouraged to attend conferences and parliamentary committee meetings, and to make their own contacts in relevant areas.

Companies which conduct annual milk-round presentations at Imperial are encouraged to visit ICCET. After a lean period in the early 1980s, the last three or four years have seen a rapid increase in job opportunities, with many placements coming through informal inquiries from companies looking for someone with specific skills.

ICCET is not the only centre running an MSc course of this kind, the principal competitors being a programme run jointly by Manchester University and the University of Manchester Institute of Science and Technology (Umist). ICCET is currently applying to the European Erasmus programme (which enables students to spend some of their training in an institution of another EC country) for funding to facilitate exchanges with Trinity College, Dublin and the New University in Lisbon, which have highly regarded courses. There are also several places offering specialist law degrees, like the Centre for International Environmental Law, at King's College, London.

ERL advises many applicants to go to either ICCET or Manchester for further training. Bidwell thinks the Manchester course gives students a slightly better grounding in the basic essentials and would prefer to see ICCET's core course extended to two terms. Nevertheless, he describes the ICCET MSc as excellent, especially in the calibre of its staff.

Richard Marsh, managing director of consultants Aspinwall and Co, which employs eight ICCET graduates, feels that ICCET has established itself as "the premier organisation for training" at the managerial level. He thinks that it could give more emphasis to "the basic facts of life in the business world", but he is impressed particularly by the versatility and adaptability of ICCET graduates, at a time when consultancies need people to be able to move around between different environmental media and to be comfortable working at the edge of current knowledge.

Geoff Lane, a consultant in the environmental business unit of Coopers & Lybrand Deloitte and previously head of environmental policy at the Confederation of British Industry, who completed the MSc in 1986, recalls the experience as "very intensive, hard work. You were shattered by the end of the day, almost like being put in a press and squeezed".

Daren Howarth, a consultant in the environment unit of consultants KPMG Peat Marwick McLintock, who graduated in 1989, has been encouraging Macrory to set up a practical contact network of ICCET's past graduates, since so many of them are in a position to help each other. The first steps for such a network are due to be taken at the centre's annual reunion this weekend.

Companies go nuts over the Amazon

By Victoria Griffith

The Kayapo Indians of the Amazon have an unusual new job these days – gathering Brazil nuts for use in a Body Shop hair conditioner.

"We thought it was important to create an alternative source of income for rain forest inhabitants," said the Body Shop. "The main sources of revenue for the Indians – selling timber or leasing land for mineral extraction – are all very harmful to the environment. Collecting nuts is not."

The Body Shop will be using oil from the nuts in a new product scheduled to appear in London shops in September. The company is so pleased with the conditioner that it is now negotiating to purchase other exotic Amazonian oils such as copaiba and babacu.

The Body Shop is not the only company buying direct from the Amazon. Cultural Survival, a Boston-based environmental protection group, has signed 25 companies on to its direct purchase programme. The products, mostly nuts, oils and exotic fruits, are used to make everything from ice cream to soap.

Under the programme, companies agree to pay up to 5 per cent above market price for the rain forest products. They also agree to give a share of profits generated from sales of the product to their Amazonian suppliers. In return, the groups use the scheme's environmental appeal to boost sales.

According to Jason Clay, director of research at Cultural Survival, \$3.5m worth of products were sold under the programme in 1990, its first year in operation. This year, he predicts, sales will total \$25m. And Clay says that two more companies will launch new products in January.

Bryan Dare, vice-president of Toronto-based Dare Foods, is enthusiastic about the direct purchase scheme. The group makes a biscuit called Harvest from the Rain Forest, which contains Brazil and cashew nuts from the Amazon. "The biscuit has been well received by consumers in Canada," said Dare. The company is now preparing to launch the product in San Francisco.

Although Harvest from the Rain Forest sells at a price slightly above the group's other biscuits, Dare says consumers are not put off by the price tag. "We don't need to spend any money on advertising," he said. "The product seems to sell itself. It has a tremendous novelty value."

Producers in the Amazon say direct purchasing has already had a big impact. "Through the programme we are able to sell cashew nuts at twice the price we used to," said Luis Ires de Carvalho, commercial director at the Xapuri rubber tappers union. "We did that by getting rid of the intermediaries."

Cashew nuts, while not a natural Amazonian product, have been used heavily in reforestation projects. The union is now negotiating with Cultural Survival for help in building a rubber plant in the area. By processing rubber themselves, says Ires de Carvalho, rubber tappers could receive a far higher price than they do now.

According to Mauro Almeida, a professor at the University of Campinas, the scheme helps preserve the rain forest by increasing the number of people who depend on it to make a living. "The rubber tappers of the Amazon have been key in the fight against tree burning," he pointed out.

Companies see the programme as a way of building up their ecological credentials. The packaging of Rain Forest Crunch, an Amazonian nut candy made by Vermont-based Community Products, includes a brief history of the destruction of the rain forest.

The direct purchase scheme can require significant investment, however. The Body Shop had to place a Kayapo-speaking representative on the reservation to train the Indians in the art of profit-making. "Coaching them on skills like forward planning required a significant investment on our part," the company said.

Market studies show that not all Amazonian products are popular. "We were considering going in for exotic fruits like cupuacu, which makes a delicious ice cream" said Dare. "But our tests show that when consumers do not recognise a flavour, they are not likely to buy it. I'm afraid cupuacu would be a hard sell. We are, after all, mass marketers, and there's a limit to how far we can go with this thing."

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Head of Sales (France)	£Neg	ECU Trader (3 yrs exp.)	£Neg
Head of Sales (Germany)	£Neg	FRN Trader (4 yrs exp.)	to £80K
Head of Sales (Switzerland)	to £150K	New Issues Trader	£Neg
Central Bank Sales (3 yrs + exp.)	c £65K	US Treasury Traders	to £80K
Bond Sales to France (2 yrs exp.)	c £45K	Repo Traders	£Neg
Bond Sales to Germany (2 yrs exp.)	c £50K	European Gvt Traders	£Neg
		Proprietary Traders	£Neg
		OTHERS	
Equity Sales (Jap, European)	£Neg	Swaps Marketeers	£Neg
Treasury Sales (languages adv.)	£Neg	Mergers & Aquisitions (Germany)	to £150K
FX Sales (options etc.)	£Neg	Bond Research (4 yrs exp.)	to £90K
Money Markets Sales/Trading	£Neg	Corporate Finance (French or German adv.)	to £80K
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COMMODITIES AND AGRICULTURE

Chilean copper miners vote today on strike call

By Leslie Crawford in Santiago

MORE THAN 9,000 miners at Chuquicamata, the world's biggest copper mine, vote today on whether to strike for a 9.95 per cent wage increase following the collapse of pay talks with Codelco, the Chilean state copper corporation.

Chile's largest company, which is struggling to remain competitive with aging and overmanned copper mines, says it cannot afford the demands of the powerful Copper Workers Federation (CTC). It argues that the union's long shopping list, including longer holidays, a shorter working week and a host of bonuses, as well as the wage claim, would increase Codelco's wage bill at Chuquicamata by 163 per cent, from $170m to $440m a year.

"That would raise Chuquicamata's production costs from 50 cents to 65 cents a lb of copper, making the red metal more expensive to mine in Chile than in the US. That prospect, say Codelco executives, is unthinkable.

Codelco's final offer promises only to keep miners' current pay in line with inflation. "It would be unrealistic to increase wages in real terms given Codelco's current problems," Mr Mario Livingstone, the personnel manager, said yesterday. "We are not going to budge on that point, strike or no strike." The company is also offering a $1,000 no-strike bonus – a carrot the unions rejected last week.

Mr Darwin Bustamante, leader of the 19,000-strong CTC, yesterday called the month-long pay talks at Chuquicamata "a parody of negotiations".

Union leaders believe that they will win the secret ballot for an indefinite stoppage – the first at Chuquicamata since General Augusto Pinochet took power in a military coup in 1973 and banned strikes at the mine.

"After 17 years of dictatorship we hoped that President Patricio Aylwin's government and the new management at Codelco would have been prepared to listen to our demands," says Mr Luis Vergara of the CTC. "We have been bitterly disappointed."

Both the union and management, however, believe that there is still time to avert a strike. Mr Livingstone believes the federation is using the strike ballot as a bargaining lever and insists that talks have not broken down. "We are prepared to continue negotiating even after a strike begins," he says. Mr Vergara says Codelco will have four days to improve its offer between today's ballot on Wednesday and the start of the strike on Monday, July 1.

The government is keeping a close eye on the unfolding of events, although it has so far refrained from intervening in the wage negotiations. Codelco is under immense pressure to resist the unions' demands, however, as its profits provide a quarter of the government's revenue as well as 40 per cent of Chile's export earnings.

Unions at Codelco's three other mining divisions, El Teniente, Salvador and Andina, will also use the eventual Chuquicamata settlement as a benchmark for their own wage negotiations next month.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+600	to 434,000
Copper	−3,850	to 258,050
Lead	−125	to 79,025
Nickel	−228	to 5,172
Zinc	−950	to 116,950
Tin	−105	to 14,745

Big S African aluminium plant planned

By Philip Gawith in Johannesburg

ALUSAF, THE aluminium producer in the Genmin group, and Escom, South Africa's power utility, have announced they are investigating a R3bn (£550m) plus project to develop a 430,000 tonnes a year aluminium smelter.

A full feasibility study should be completed by February 1992. If given the go-ahead the project would come on stream in 1995. Combined with Alusaf's existing production, it would become the world's seventh largest producer, with production of about 600,000 tonnes a year. Mr Fred Roux, executive director of Genmin, said there was "a very high probability" of the project getting the go-ahead, given the necessary government aid.

A unique feature of the scheme is the collaboration with Escom, which has made the project possible by agreeing to enter into a 25-year supply contract for the smelter at a tariff per tonne of aluminium produced equivalent to 16.3 per cent of the price of aluminium – below average in international terms. Without this Alusaf would have lacked either of the major comparative advantages in the industry – cheap power or cheap and readily available alumina (aluminium oxide).

Escom's benefit from the deal will be the utilisation of considerable spare capacity: the smelter will provide demand for a constant 680 Mw of electricity a year.

State assistance, says Mr Roux, is crucial for the project, which is highly competitive at the operational level but not at the total cost level. This is a function of high local finance charges, a high inflation rate and a high corporate tax rate.

Genmin's management is confident of a favourable hearing from government, especially given recent government proposals to provide allowances encouraging the beneficiation of minerals. Genmin has been involved in similar discussions with government with a view to getting the R3.5bn Columbus stainless steel project off the ground.

Local analysts are divided on the merits of the project. Mr John Clemmow of George Huysamer sees aluminium as having a bright future with costs of power trends moving in South Africa's favour. Mr Kevin Kartun of Frankel Max Pollak Vinderine takes the contrary view, arguing that countries with hydro-power are much better placed.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,620-1,650 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.90-3.15 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.20-1.40 (1.30-1.50).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 13.50-13.80 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 85-100 (95-105).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.37-2.42 (2.38-2.42).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 54-60 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.35-2.45 (2.30-2.40).

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, 9.20 (same).

New York exchanges to compete in oil market

By Barbara Durr in Chicago

THE NEW York Commodity Exchange and the New York Mercantile Exchange, the Big Apple's two largest futures markets, appeared set this week to compete for business with new sour crude contracts.

Comex, the world's largest precious metals market, filed for Commodity Futures Trading Commission approval of a new sour crude futures contract last Friday. And, Nymex, the world's largest energy futures market, is confidently proceeding to file for CFTC approval of its new sour crude contract this week, officials say.

Comex's contract is a virtual duplicate of the London International Petroleum Exchange's Dubai sour crude contract. Comex has been in talks with IPE for six months about the possibility of trading each other's contracts, a Comex official said. The talks, he said, "are very much ongoing".

The new Comex sour crude future is believed to be aimed at deepening the liquidity of the IPE's Dubai contract. It would trade in sequential hours, following London and preceding the IPE's Dubai trading on the Singapore International Monetary Exchange. The New York hours would be from 10:30 am until 4:30 pm.

Comex's proposed contract would be cash settled, with a unit of 1,000 barrels and a minimum price fluctuation of one cent.

The Nymex contract would be for physical delivery, which is believed to be preferred by American petroleum traders. A basket of seven sour crudes would be deliverable against the contract, officials said.

The Nymex board approved the contract specifications earlier this month for submission to the CFTC by the end of June. It developed its contract over the last 18 months with "major participation and backing from the oil industry," said Ms Nachamah Jacobovits, Nymex's spokeswoman.

The possibility of competition between Comex and Nymex would seem to do little to resolve the tensions that have prevented a long discussed but never consummated merger between the two markets. Talks about a merger were again scuttled at the start of this year.

However, all five of the New York exchanges are committed to moving to a new larger trading floor by 1994 and are discussing preparatory moves such as unified clearing.

If any union is to occur between Nymex and Comex, it now appears more likely to be step by step.

Gold hedgers 'killing' investment

Kenneth Gooding on a vigorous debate at the Vienna gold conference

GOLD PRODUCERS were accused yesterday of killing the investment market for the precious metal and destroying the attraction of gold mining company shares by their hedging activities.

"Does it not concern you that millions of investors have deserted the market because of these activities?" asked Mr Trevor Blench, a director of Edey Rogers and one of the delegates at the conference. His comments sparked a vigorous debate.

Mr Marvin Kaiser, vice president and chief financial officer of Amax Gold, one of the more aggressive companies in its hedging activities, said he could not speak for other producers but his group put all its efforts into minimising the risks involved in a fall in the gold price and at the same time permitted at least 70 per cent of the upside price potential to remain.

He listed the financial "tools" Amax Gold used over the past two years to achieve an average premium of US$30 a troy ounce for its gold compared with the New York Commodity Exchange spot price. The idea was "to minimise risk and enhance revenue."

Mr David Pryde, managing director of J.P. Morgan, suggested that new financial instruments made it possible for producers to enhance revenue while investors realised some gain. However, Mr Euan Worthington, director of mining, S G Warburg Securities, insisted that "while producers gain $30 an ounce and option dealers win by getting more business, investors lose."

Earlier Mr Pryde had suggested that too many gold market participants were reluctant to use options and other financial derivatives, probably because of a shortage of suitably experience people. But, although such people were costly to hire, "it is more costly to try to operate without them". He said new financial instruments were needed to bring small investors back to the gold market.

Mr Martin Greenberg, chairman of the New York Commodity Exchange, reported on one such scheme, five-day gold options, soon to start trading on Comex. These would help to give small investors a means of trading the gold market.

FT CONFERENCE

Mitsubishi Corporation had started precious metals dealing using Nintendo family computers, television games machines owned by 13m families in Japan, said Mr Shinichi Kazama, general manager of the group's bullion and metals futures department. He said the new system provided a direct link between Mitsubishi's trading room and the computer owners' living room, providing real-time market information and processing orders for physical and futures contracts for gold, platinum and silver.

The gold market in Japan was supported by a wide range of consumers, said Mr Kazama, particularly the so-called "new rich" younger generation.

"The general public will be the key to the future of the Japanese gold market as disposable incomes increase along with the growth of the Japanese economy," said Mr Kazama, explaining his company's move to deal directly with people through their home computers.

Mr Timothy Green, author of many books on gold and a consultant to Gold Fields Mineral Services, warned that India's dire economic difficulties and a severe shortage of foreign exchange at government level might lead to gold sales big enough to have an impact on the market. He recalled that India already had swapped – or exchanged gold for foreign currency with an agreement to buy it back in the future – 20 tonnes confiscated from local mine production. But further swaps might be necessary and "outright sales could be on the cards."

Mr Green said Iraq might also need to sell gold once sanctions following the Kuwait war were lifted. Meanwhile, considerable quantities of scrap gold were coming out of Iraq, essentially private distress sales to neighbouring countries. On the demand side, gold sales in the Middle East this year should about equal those of 1990, helped by a pick-up in sales to Iran, which was set to become an important gold consumer in the next two or three years.

The Indian market requirement should remain at about 200 tonnes of gold a year through the 1990s, Mr Green suggested.

Mr Mel Frydrych, president of Fleet Precious Metals, took delegates by surprise by claiming that the US jewellery manufacturing industry consumed much more gold than most observers estimated. He said his company, relying on its very strong links with the producers, believed the total used was 5m to 5.5m ounces, some 30 to 50 per cent more than other authoritative estimates.

Mr Frydrych said the reason for the disparity probably was that the US jewellery fabricating business was dominated by family companies and many were very reluctant to share information on the gold market.

"We know how much gold we sell into this market and we have a reasonable idea of our market share. If these other estimates of total gold use in jewellery in North America were correct, our market share would be at a very high level, a level that we know cannot be correct."

Mr Stewart Murray, chief executive of Gold Fields Minerals Services, publisher of one of the most authoritative reviews of the gold market, said his organisation stood by its statistics, which were substantially overhauled recently after careful research and discussions with all US and Canadian suppliers to the jewellery industry.

Mr Gan Tjoen Hok, senior vice president, Republic National Bank of New York, Singapore, said that, as barriers to gold ownership came down, people lost interest in gold investment - or so statistics from South East Asia seemed to suggest. The falling interest in gold investment in Taiwan, Indonesia, South Korea , Hong Kong and Singapore suggested that Asians had finally come to terms with the market reality, he said. "Gold is not the only means to preserve wealth. . . eventually investors will peg the performance of gold against other competing assets and evaluate accordingly. Thus far, gold has failed miserably."

On the other hand, demand for gold jewellery in the region had "exploded" after deregulation. "For Asians the issue is a basic one. The ultimate worth of gold, which is not found in any other medium of exchange, is its ornamental value."

Mr Fabio Torboli, chief executive (Europe and Middle East), World Gold Council, said demand in Europe for products made from gold – mainly jewellery – moved from 380 tonnes in 1981 to a record 730 tonnes last year. Consequently, Europe held on to its share of total western world demand for such products, despite growing demand in the Far East and the Indian subcontinent. The outlook for Europe remained positive as there was no sign of a sizeable slow down in gold demand.

Other speakers at the conference yesterday were Mr Norbert Schroff, member of the senior management, precious metals dealing, Credit Suisse; Mr Régis Fraisse, head of commodities department, Société Générale; and Mr Jim Riley, a partner in J. Aron/Goldman Sachs.

Malaysian tin output down 27%

By Lim Siong Hoon in Kuala Lumpur

LATEST MALAYSIAN statistics on its tin mines and output have revealed the depths to which output has plunged in the present crisis. Yet, a miners' proposal, detailing how production can be sustained and their interests protected, has remained stalled.

Output during the first four months of this year amounted to 7,564 tonnes, 27.4 per cent less than the 10,422 tonnes produced in the same 1990 period, according to the Statistics Department.

Malaysia's export quota for this year, under the regulatory programme operated by the Association of Tin Producing Countries, is 28,556 tonnes, slightly higher than last years national output of 28,468 tonnes.

April output was 1,738 tonnes, which compared with 2,405 tonnes a year earlier and was the lowest monthly average in the past decade.

Malaysia's tin industry crisis is most painfully reflected in the meagre number of tin mines still operating.

At the end of April, there were 124 mines, down from 217 a year earlier and 847 in 1980. Gravel pump mining has been hardest hit. There were 152 of these mines operating in April 1990; a year later, the number was down to 70.

Government sympathy for the miners has yet to be translated into the financial aid that miners are seeking. The Malaysian Chamber of Mines is asking for M$187m ($67m) from the government in a so-called Hardship Loan Scheme to help its members cope with their cash-flow problems and debt servicing. The chamber wants the sum for a year.

Boycott closes Fiji sugar plant

A FARMERS' boycott of sugar-cane harvesting has forced the Fijian government to order the closure of one of its four sugar mills, and set a deadline for two others to cease operations, the Fiji Sugar Corporation said yesterday, reports Reuters from Suva.

Mr Lyle Cupit, chairman of the government-owned company, said the smallest of the four mills in Penang, which has not crushed cane for four weeks, would be shut indefinitely. The Lautoka and Rarawai mills will close if the farmers' boycott continues beyond July 1.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold recovered some of Monday's losses on the London bullion market to close at $364.20 a troy ounce, a rise of $3. Dealers said it was settling into the lower end of the recent $12 range. Downside support was pegged in the $358/$360 area with immediate resistance forming at the previous support of $365. London cocoa prices were little change after a day of active rolling forward from the July contract to September and December. Dealers said there was widespread liquidation on July before it becomes tenderable next Monday. A large French trade house was looking to put a lot of cocoa onto the market, they added. "We're expecting a deluge of tenders," one dealer said. Robusta coffee moved to the upper end of the recent trading range, helped by a rally in early trading in New York. On the LME aluminium edged ahead after warehouse stocks rose by only 600 tonnes, much less than expected. News late in the day that Ford's US car sales in the mid-June reporting period were down 14.8 per cent from the same period in 1990 will not aid market sentiment, traders said. US economic indicators are being closely watched for the first sign of an upturn in recession hit economies.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.20-6.30z	
Brent Blend (dated)	$18.05-8.15	-0.05
Brent Blend (Aug)	$18.25-8.35	
W.T.I. (1 pm est)	$20.10-0.20z	+0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$243-245	
Gas Oil	$177-178	-2
Heavy Fuel Oil	$65-66	-2
Naphtha	$181-183	$-1\frac{1}{2}$
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$364.2	+3.0
Silver (per troy oz)♣	437.0c	+7.5
Platinum (per troy oz)	$373.25	-0.95
Palladium (per troy oz)	$96.30	-1.70
Aluminium (free market)	$1290	+5
Copper (US Producer)	105c	
Lead (US Producer)	34c	
Nickel (free market)	385c	+1
Tin (Kuala Lumpur market)	15.41r	+0.01
Tin (New York)	264.0c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.12p	-1.93*
Sheep (dead weight)†	117.37p	-8.72*
Pigs (live weight)†	76.75p	-6.18*
London daily sugar (raw)	$252.0x	-1.0
London daily sugar (white)	$309.0x	-3.0
Tate and Lyle export price	£264.5	-1.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£183.0u	
Wheat (US Dark Northern)	£100.0	
Rubber (Aug)♥	58.50p	
Rubber (Sep)♥	57.00p	
Rubber (KL RSS No 1 Jul)	228.5m	-0.5
Coconut oil (Philippines)§	$405q	
Palm Oil (Malaysian)§	$317.5y	+2.5
Copra (Philippines)§	$256y	
Soyabeans (US)	£166	-1.0
Cotton "A" index	83.40	-0.35
Wooltops (64s Super)	304p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	224.00	219.00	224.00 217.80
Oct	193.60	191.80	195.80 190.60
Dec	188.40	187.00	192.00 184.00
Mar	187.40	185.00	191.20 184.00
May	189.20	187.00	187.00 185.60
White	**Close**	**Previous**	**High/Low**
Aug	299.0	302.0	303.0 298.2
Oct	268.0	268.0	269.0 267.0
Mar	262.0	260.0	261.5 259.9
May	262.5	260.6	260.5 260.0
Aug	265.0	268.5	265.0

Turnover: Raw 1037 (1024) lots of 50 tonnes. White 1156 (336)

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Aug	18.28	18.28	18.37 18.16
Sep	18.46	18.38	18.53 18.40
Oct	18.62	18.61	18.62 18.52
Nov	18.73	18.60	18.73 18.62
Dec	18.70	18.64	18.70 18.67
IPE Index	18.32	18.45	

Turnover 19855 (18488)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Jul	170.50	171.75	171.75 170.00
Aug	171.50	172.50	172.00 170.50
Sep	173.00	174.50	173.50 172.75
Oct	175.25	176.25	175.50 174.50
Nov	177.25	178.25	177.50 177.00
Dec	178.25	179.25	178.25 177.75
Jan	175.75	176.50	176.00 175.25
Feb	171.75	172.50	173.50 171.75
Mar	167.75	169.00	168.00 167.75

Turnover 14543 (15983) lots of 100 tonnes

COTTON
Liverpool- Spot and shipment sales in Liverpool for the week ending June 21 were 109 tonnes against 133 in the previous week. Sales were average, with mainly Pakistani and West African growths.

JUTE
July/August: c and f Dundee: BTC $480, BWC $500, BTD $460, BWD $480; c and f Antwerp: BTC $465, BWC $460, BTD $435, BWD $430.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	576	579	584 574
Sep	611	613	618 607
Dec	655	655	659 649
Mar	695	696	698 690
May	718	718	721 713
Jul	738	738	743 735
Sep	759	758	763 755

Turnover: 15298 (9869) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 24 780.95 (803.97) 10 day average for Jun 25 789.95 (791.41)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jul	546	538	550 537
Sep	575	565	575 564
Nov	597	586	600 587
Jan	617	609	615 608
Mar	634	627	632 625

Turnover: 10874 (3485 lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 24 : Comp. daily 85.58 (85.39). 15 day average 65.52 (85.54)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	109.9	110.9	110.0 108.5

Turnover 530 (245) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Dec	140.00	139.00	140.00

Turnover 70 (50) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jun	1703	1708	1700 1690
Jul	1601	1642	1650 1600
Oct	1646	1666	1696 1645
Jan	1658	1685	1660
BFI	1706	1700	

Turnover 484 (110)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Sep	112.80	112.90	112.80
Nov	115.70	115.85	115.70 115.50
Mar	123.10		123.10 123.00
May	126.15		126.15 126.00
Jun	127.90		127.90
Barley	**Close**	**Previous**	**High/Low**
Sep	111.10	111.20	111.20 111.10
Nov	114.65	114.75	114.75 114.45
Jan	118.10	118.10	117.85

Turnover: Wheat 73 (29), Barley 62 (70). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	105.0	107.0	105.0
Sep	105.0	105.0	105.0
Oct	106.0	108.0	106.0
Nov	107.5	107.0	107.5 106.0
Jan	105.0	105.0	105.0 104.5
Feb	105.0		105.0 104.0

Turnover: 65 (123) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	138.89	138.70			
Jul	139.70	139.60	140.00	139.70	85
Sep	140.30	140.20	140.70	140.30	85
Dec	141.00	141.20	141.50	141.00	75

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 21,379 lots
Cash	1290-1	1284-6	1288	1287-8		
3 months	1322-3	1317-8	1323/1315	1320-1	1322-3	93,751 lots
Copper, Grade A (£ per tonne)						Total daily turnover 12,651 lots
Cash	1367-9	1349-51	1375/1365	1364-5		
3 months	1383-4	1368-7	1389/1378	1381-2	1389-90	129,857 lots
Lead (£ per tonne)						Total daily turnover 2,207 lots
Cash	344-6	343-4	342	342-2.5		
3 months	347-8	346-6.5	349/345.5	345-6	349-50	18,102 lots
Nickel ($ per tonne)						Total daily turnover 1,975 lots
Cash	8325-45	8340-50		8335-40		
3 months	8325-35	8340-50	8350/8325	8330-4	8300/30	13,446 lots
Tin ($ per tonne)						Total daily turnover 702 lots
Cash	5670-5	5660-70		5665-75		
3 months	5760-5	5755-70	5760/5740	5755-60	5740-5	7,680 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,370 lots
Cash	1050-2	1028-30		1038-8.5		
3 months	1064-5	1048-9	1067/1055	1055-6	1060-1	27,114 lots

LME Closing £/$ rate:
SPOT: 1.6260 3 months: 1.6096 6 months: 1.5941 9 months: 1.5826

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	364.00-364.40	
Opening	362.90-363.40	
Morning fix	363.25	222.593
Afternoon fix	363.35	222.396
Day's high	364.20-364.60	
Day's low	362.80-363.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.48	6 months	5.39
2 months	5.43	12 months	5.34
3 months	5.42		

Silver fix	p/fine oz	US cts equiv
Spot	267.50	436.00
3 months	274.85	442.50
6 months	281.85	449.50
12 months	296.75	466.55

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	363.25-364.25	222.25-222.75
Maple leaf	371.25-372.25	227.25-227.75
New Sovereign	87.50-88.50	53.50-54.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	99	128	1	10
1300	18	59	19	39
1400	1	21	101	99
Copper (Grade A)	**Calls**		**Puts**	
2150	87	110	1	33
2250	18	55	30	77
2350	1	24	114	144
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
550	35	62	10	15
600	11	33	36	36
650	3	16	78	69
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
550	65	110	4	6
600	30	72	19	19
650	11	42	50	38
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1850	22	47		55
1900	10	35		95
1950	3	21		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	364.6	363.0	365.0	363.2
Jul	365.1	363.6	0	0
Aug	366.7	365.2	367.3	365.0
Oct	370.1	368.5	370.5	368.3
Dec	373.6	372.0	373.8	372.0
Feb	377.0	375.4	0	0
Apr	380.4	378.8	379.2	379.2
Jun	383.9	382.2	0	0
Aug	387.6	385.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jun	372.5	373.8	0	0
Jul	372.5	374.0	374.0	371.5
Oct	377.0	378.3	378.5	376.0
Jan	381.5	382.5	382.5	382.0
Apr	385.5	386.5	386.0	385.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jun	437.3	434.8	436.5	433.0
Jul	437.5	435.0	440.0	432.5
Aug	440.1	437.6	0	0
Sep	443.0	440.4	445.0	438.0
Dec	451.0	448.3	453.0	446.0
Jan	453.1	450.4	0	0
Mar	459.4	456.5	456.5	455.0
May	465.1	462.0	462.0	462.0
Jul	470.8	467.5	0	0
Sep	477.3	474.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	101.40	99.90	102.00	100.70
Jul	101.55	100.00	102.30	100.20
Aug	100.95	99.50	101.10	99.75
Sep	100.25	98.75	101.00	99.00
Oct	99.75	98.30	100.20	99.25
Nov	99.25	97.90	99.80	99.80
Dec	98.75	97.50	99.25	97.70
Jan	98.25	97.10	0	0
Feb	97.75	96.70	0	0
Mar	97.25	96.20	97.60	96.40

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	20.13	19.98	20.18	19.90
Sep	20.15	19.99	20.19	19.93
Oct	20.19	20.05	20.23	20.02
Nov	20.27	20.11	20.32	20.08
Dec	20.24	20.11	20.35	20.10
Jan	20.18	20.02	20.23	20.00
Feb	20.06	19.93	20.13	19.93
Mar	19.97	19.85	20.05	19.89
Apr	19.94	19.79	19.94	19.89
May	19.83	19.74	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	5400	5376	5420	5360
Aug	5455	5442	5475	5420
Sep	5590	5560	5600	5550
Oct	5715	5675	5715	5650
Dec	5910	5875	5915	5865
Jan	5935	5895	5935	5895
Feb	5825	5785	5830	5785
Mar	5585	5550	5600	5570
Apr	5365	5355	5385	5360

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	900	905	900	894
Sep	945	950	952	937
Dec	993	1000	999	988
Mar	1036	1045	1043	1035
May	1066	1072	1070	1065
Jul	1095	1102	1100	1100
Sep	1120	1127	0	0
Dec	1160	1167	0	0
Mar	1200	1207	0	0
May	1227	1234	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	86.65	85.30	88.00	84.90
Sep	88.35	87.15	89.50	86.85
Dec	91.75	90.45	92.00	90.10
Mar	95.00	93.75	95.00	93.80
May	97.50	96.40	95.15	95.50
Sep	102.00	100.50	100.50	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	9.98	9.70	10.05	9.69
Oct	8.58	8.48	8.60	8.46
Mar	8.46	8.39	8.47	8.37
May	8.50	8.43	8.50	0
Jul	8.57	8.49	8.55	8.53
Oct	8.60	8.63	8.60	8.60

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	78.10	78.40	78.30	76.00
Oct	77.57	77.12	77.65	76.00
Dec	74.42	73.36	74.50	73.05
Mar	75.45	74.55	75.45	74.15
May	76.05	74.80	75.80	74.60
Jul	76.30	74.97	76.30	75.00
Oct	70.53	69.72	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	113.50	114.35	114.65	113.50
Sep	115.80	115.90	116.35	115.50
Nov	115.50	115.85	116.40	115.50
Jan	115.60	115.90	115.90	115.50
Mar	115.65	115.90	116.10	115.90

INDICES

REUTERS (Base: September 18 1931 = 100)

Jun 25	Jun 24	mnth ago	yr ago
1771.3	1772.0	1719.9	1833.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Jun 24	Jun 21	mnth ago	yr ago
Spot	129.17	130.72	128.58	131.71
Futures	125.02	125.02	126.43	131.29

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	563/0	566/0	568/4	560/4
Aug	564/2	567/0	569/4	562/4
Sep	566/4	569/2	571/6	563/4
Nov	572/6	576/0	579/0	570/0
Jan	582/6	586/4	589/0	580/4
Mar	593/4	596/4	599/4	591/0
May	602/0	605/2	607/0	601/4
Jul	606/4	609/4	614/0	606/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	19.37	19.43	19.58	19.33
Aug	19.55	19.62	19.77	19.51
Sep	19.71	19.78	19.95	19.70
Oct	19.88	19.97	20.09	19.88
Dec	20.27	20.36	20.50	20.20
Jan	20.41	20.53	20.69	20.40
Mar	20.76	20.85	20.95	20.76
May	21.01	21.15	21.30	21.01
Jul	21.20	21.35	21.40	21.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	171.8	172.8	173.7	171.8
Aug	172.2	172.8	173.7	172.0
Sep	172.3	173.1	174.0	171.9
Oct	172.3	173.1	174.0	172.1
Dec	173.5	174.2	175.2	173.0
Jan	174.7	175.1	176.0	174.3
Mar	176.7	176.7	178.0	176.0
May	178.0	177.8	179.0	177.5
Jul	180.0	179.0	180.0	180.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	237/4	237/2	238/4	236/0
Sep	238/6	237/0	238/4	235/6
Dec	239/2	240/2	242/0	238/0
Mar	246/6	248/2	249/6	246/6
May	252/2	253/4	254/6	251/2
Jul	256/6	258/0	259/0	255/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	274/0	271/0	274/4	268/4
Sep	283/0	279/6	283/4	277/4
Dec	294/6	292/2	295/0	289/4
Mar	301/0	298/0	301/4	296/4
May	297/0	297/6	299/0	295/0
Jul	292/0	291/0	293/4	290/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	71.90	71.32	72.00	71.47
Oct	74.37	74.07	74.40	73.95
Dec	75.52	75.37	75.60	75.15
Feb	75.20	75.05	75.22	74.85
Apr	75.45	75.32	75.55	75.25
Jun	73.82	73.85	73.95	73.75

LIVE HOGS 30,000 lb; cents/lbs

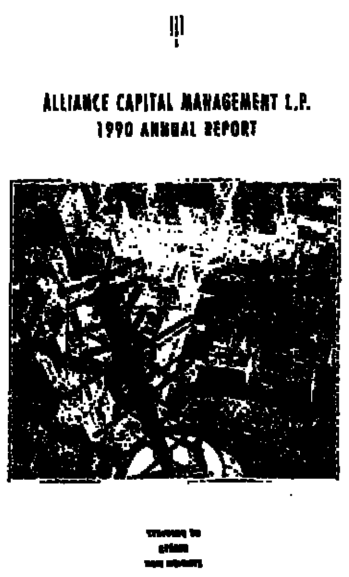
	Close	Previous	High/Low	
Jul	54.80	55.05	0	54.47
Aug	51.80	51.87	51.92	51.17
Oct	46.07	46.05	46.20	45.85
Dec	46.30	46.52	0	46.12
Feb	45.90	46.05	46.05	45.75
Apr	44.20	44.32	44.35	44.15
Jun	48.20	48.60	0	48.20

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	52.32	53.50	53.70	51.90
Aug	49.30	50.77	0	48.95
Feb	50.85	51.10	0	50.15
Mar	50.15	50.60	50.50	49.60
May	51.00	51.15	51.15	50.60
Jul	50.00	50.60	0	50.00

North American Companies:

Annual Report Update



1

Alliance Capital

Alliance Capital Management L.P. is a registered investment adviser, providing investment management services to institutions - pension funds, endowments, and foreign financial institutions - and to individual investors through a broad line of mutual funds and cash management accounts. Client assets under management exceed $50 billion.

2

AMETEK (AME)

Under the guidance of a new management team this diversified industrial manufacturer moved into 1991 with the highest backlog of orders in its 61-year history. Orders increased as AMETEK's three product groups — Instruments (especially aircraft instruments). Electric *Motors (for vacuums, small appliances, business* machines) and Engineered Materials (plastics, metal powders) shipped a record $660 million last year to other manufacturers worldwide. 1990 was also the 41st consecutive year in which AMETEK increased cash dividend payments to its stockholders.

3

BCE Inc.

BCE is a Canadian holding company whose principal telecommunications subsidiaries include Bell Canada, Northern Telecom, BCE Mobile Communications and Bell Canada International. BCE also owns Montreal Trust, a financial services company. Net income in 1990 was *CA$1,147 million, on revenues of CA$18,373 million.* The 1991 indicated dividend is CA$2.56. BCE is listed on exchanges in the U.S., Europe and Japan.

4

CSX Corporation

CSX Corporation, with assets of $13 billion and 1990 revenue of $8.2 billion, is an international transportation services company with principal businesses in rail freight, ocean container shipping, inter-modal carriage, inland barging, trucking, warehousing, distribution and related *services. The company also has interests in real estate, re*sorts and technology. Headquarters are in Richmond, VA.

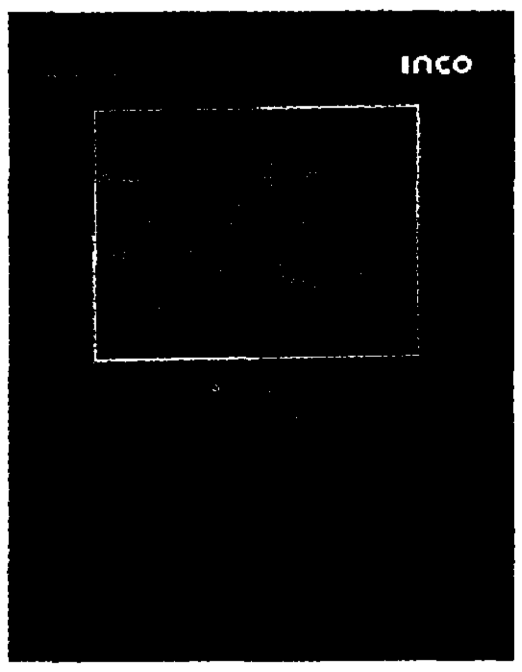
5

Foundation Health Corporation

Foundation Health Corporation provides managed health care coverage for more than 1.1 million individuals in two ways: 1) The Company operates the largest IPA model HMO in California, and 2) FH administers the largest U.S. Government contract for managed health care of military personnel and families.

New management has transformed the Company into a profitable, growing managed health care enterprise with earnings of $11.1 million, or $1.38 per share in fiscal 1990. The outlook is for further growth in revenues and earnings.

Stock Exchange: American (symbol: FH)



6

Inco Limited

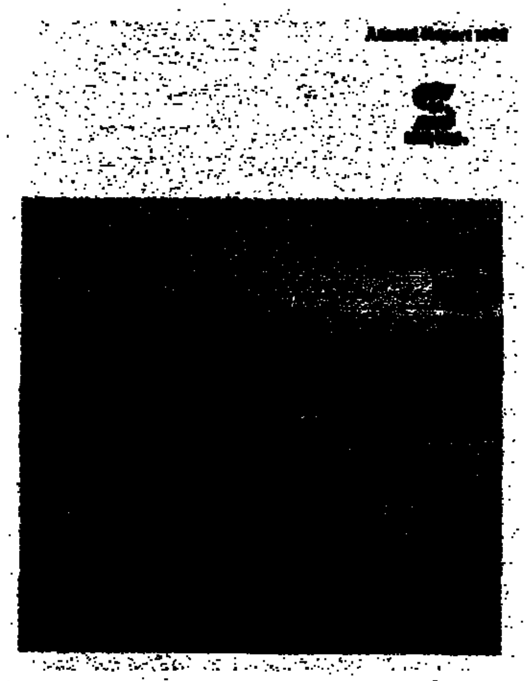
Inco Limited is one of the world's premier mining and metals companies. It is the leading producer of nickel, supplying about one-third of non-communist world demand. It is also a major producer of high-nickel and other alloys. In addition, Inco is an important producer of copper, cobalt and precious metals and is majority owner of a sizable, growing gold company. In 1990, Inco earned US$441 million on sales of US$3.1 billion.

7

Reebok International Ltd.

Reebok International Ltd., headquartered in Stoughton, MA, is a leading designer and marketer of active lifestyle and performance products, including footwear and apparel. The Company's operating units include the AVIA, Boston Whaler, Reebok, Rockport and Apparel Products (including the Ellesse footwear and sportswear brand) divisions. International sales are growing rapidly. Worldwide sales for 1990 totaled $USD 2.159 billion.

Stock Exchange: NYSE (symbol: RBK)



8

Safety-Kleen Corp.

Safety-Kleen provides a variety of services to almost one-half million businesses that generate hazardous and quasi-hazardous waste fluids. The Company is the largest recycler of solvents and the largest re-refiner of used lubricating oils in the world. Substantially all of the waste fluids collected by the Company are recycled or processed for beneficial reuse.

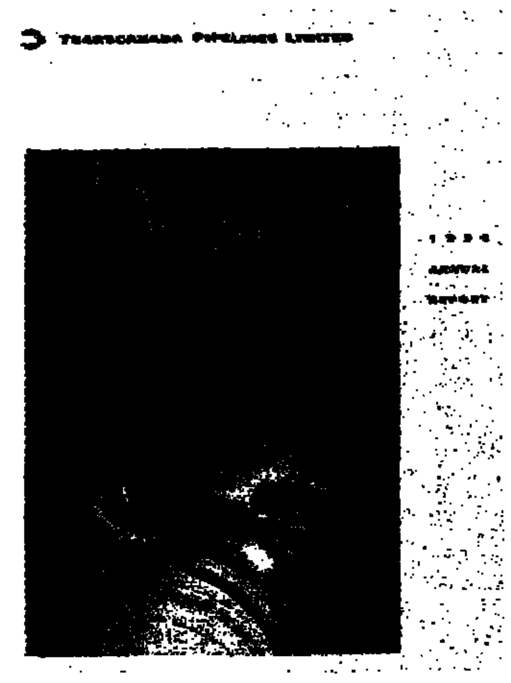
1990 Sales $588,987,000; Earnings $55,198,000; EPS $1.05.

(NYSE: SK)

9

Southwestern Bell Corporation

Southwestern Bell Corporation is a St. Louis, Mo., based telecommunications company with 1990 net income of $1.1 billion, revenues of $9.1 billion, and EPS of $3.67. SBC provides local telephone service in Texas, Missouri, Oklahoma, Kansas and Arkansas and has one of the fastest-growing cellular operations in the nation. Other businesses include Yellow Pages directories, paging, telephone equipment, international cable TV interests and a partnership in Telmex.



10

TransCanada PipeLines

TransCanada PipeLines is a major North American natural gas transportation and marketing corporation. It has 34 years experience delivering Western Canadian natural gas to markets in Canada and the United States. The Company has associated investments in other pipelines and power projects.

The most important achievement of 1990 was the successful culmination of the complex project to deliver gas to the Northeast United States through the Iroquois Gas Transmission System.

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LONDON STOCK EXCHANGE

Equity rally trimmed before the close

A PROMISING attempt by UK stocks to rally after testing the low end of the trading range early in the session was checked yesterday when Wall Street made a slow start to its new trading day. The initial rally in London appeared all the more encouraging in that it brushed aside the fall of 52 Dow points in New York overnight. But trading volumes remained poor in London, and by the close the Footsie was still only eleven points above 2,450, the bottom end of the 2,450 to 2,550 trading range.

Investors remained cautious of further developments in either the Tokyo or New York markets, or in the foreign exchange markets, which have still to show any marked response to the meeting of Group of Seven finance ministers in London last weekend.

Account Dealing Dates

*First Dealings:		
June 17	Jul 1	Jul 15
Option Declarations:		
Jun 27	Jul 11	Jul 25
Last Dealings:		
Jun 28	Jul 12	Jul 26
Account Day:		
Jul 8	Jul 22	Aug 5

*New-time dealings may take place from 8.30 am two business days earlier.

Nervousness over the near-term outlook for rates in Germany yesterday provided an extra reason for uncertainty over the prospects for further reductions in UK base rates in the short term.

In early trading, which was overshadowed by Wall Street's overnight fall and by news of a £310m rights issue in the building sector, the FT-SE Index slipped 8.6 to 2,449.7 with professional traders unhappy as the 2,450 support line was lost.

However, the market rallied quickly, led forward by support for the FT-SE 100 listed stocks, which in turn benefited from an upturn in the June Footsie futures contract. The advance was extended to more than 10 Footsie points on expectations that Wall Street would open firmer on the back of favourable data on US durable goods orders.

Wall Street proved a faltering guide, however, shedding an early gain to show little change from its overnight levels as the London market closed, and the Footsie index gave back much of its mid-session gain. By the close, it stood at 2,461.2 for a rise on the day of only 2.9 points.

Equity turnover remained thin, although there were signs that business increased towards the close when the market was shedding its early gains. However, the daily Seaq total, which increased to 408.9m shares yesterday from 327.5m on Monday, includes both intra-market and customer business. Marketmakers are still unwilling to take on major commitments at present, and they try to pass on short or long positions to their rivals as quickly as possible.

The market appeared unperturbed by the rights issue from Trafalgar House to raise £320m in connection with its £114m agreed bid for Davy, the luckless engineering group.

The flow of rights issues, now well on course for the £10bn total for the year predicted by strategists at several leading securities firms, has continued to mop up institutional cash flows this year, and inevitably acts as a further brake on institutional activity in the day-to-day stock market.

Traders expressed satisfaction with the course of yesterday's market, commenting that FT-SE 2,450 appeared to have "proved its worth" as a resistance point. While institutional interest in the cash market yesterday was modest, there were some signs that the funds were again using the futures sector as a relatively cheap way into equities.

At best, the Footsie June future contract touched 2,471 after attracting genuine investment demand, as distinct from specialist marketmaker involvement. Professional traders will watch the stock market closely for the rest of the week for indications that the institutions are moving from futures into the underlying equities.

FINANCIAL TIMES STOCK INDICES

	June 25	June 24	June 21	June 20	June 19	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	83.54	83.68	83.78	83.81	83.75	80.37	85.66 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.82	92.82	92.86	92.85	92.85	88.41	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1921.6	1921.1	1947.3	1943.7	1946.3	1926.6	2014.5 (5/4)	1608.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	195.6	200.7	203.9	207.0	199.5	174.2	209.1 (11/6)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2461.2	2458.3	2487.5	2479.9	2484.7	2399.8	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1156.66	1155.32	1159.66	1162.33	1162.69	-	1182.11 (5/6)	936.62 (16/1)	1182.11 (5/6/91)	936.62 (16/1/91)
●Ord. Div. Yield	4.93	4.94	4.88	4.88	4.87	4.81				
●Earning Yld %(full)	6.67	6.70	6.59	6.61	6.58	10.61				
●P/E Ratio(Net)(*)	14.18	14.14	14.32	14.29	14.33	11.42				
SEAQ Bargains 4.45pm	25,107	22,421	25,004	24,344	27,328	28,826				
Equity Turnover(£m)†	-	583.21	726.45	603.85	540.10	803.57				
Equity Bargains†	-	22,460	22,941	24,366	28,049	25,589				
Shares Traded (ml)†	-	287.2	340.5	354.3	417.5	376.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. [illegible]

Ordinary Share Index, Hourly changes — Day's High 1929.2 — Day's Low 1913.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1913.2	1914.9	1923.2	1925.9	1923.1	1926.2	1927.9	1928.0	1921.6

FT-SE 100, Hourly changes — Day's High 2469.0 — Day's Low 2449.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2449.7	2452.9	2462.1	2462.6	2462.0	2464.5	2466.9	2467.2	2462.0

FT-SE Eurotrack 200, Hourly changes — Day's High 1158.55 — Day's Low 1152.24

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1153.28	1152.82	1154.95	1154.86	1155.45	1156.20	1157.60

GILT EDGED ACTIVITY

Indices	June 24	June 21
Gilt Edged Bargains	80.7	70.6
5-Day average	90.4	90.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

Caution on bid for Davy

SHARE PRICES of Trafalgar House and engineering group Davy Corporation reacted sharply to the news that Trafalgar was making an agreed offer for the equity of the ill-starred engineering group. Trafalgar, which also announced a £310m rights issue which would more than cover the £114m bid, lost 32 to 211p on a turnover of 14m, and relieved Davy investors saw their shares advance 18 to 80p.

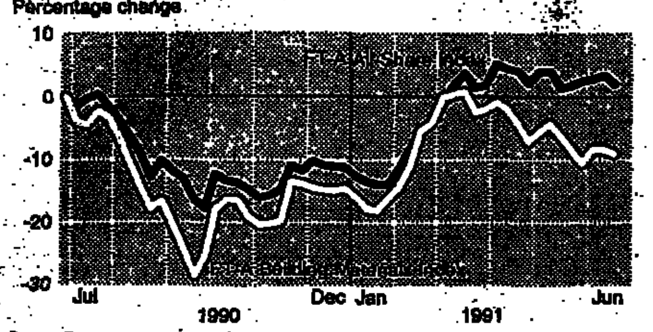
The Trafalgar bid represents 50p a share now and a further 45p shortly after Davy's troubled Emerald oil rig conversion contract in the Shetlands is settled – estimated to be some time in December. Trafalgar's bid means it cannot now buy stock in the market above 50p.

Analysts argued that shareholders would be wise to take profits now rather than wait for the total 95p to come through. Mr Robert Speed of securities house Olliff and Partners said there was still heavy risk surrounding Emerald. Mr Peter Deighton of County NatWest said there could be quite a lot of Davy stock overhanging during the next six months, but it was likely that enough investors would wait for the price to reach 95p to prevent problems for Trafalgar.

Some observers wondered whether Trafalgar had been considering a rights issue for some time in order to stave off possible bidders and that the Davy opportunity came at an apt moment.

British Aerospace, which had been rumoured to have the Trafalgar construction to shipping conglomerate in its sights for some time, gained a penny to 595p.

Building Materials sector



Source: Datastream

Building materials continue to be one of the gloomiest sectors of the FT-A All-Share Index in spite of cuts in domestic interest rates. The sector rallied when the UK joined the European exchange rate mechanism, and followed the market higher early this year on hopes of more rate reductions and of building contracts in Kuwait. Mr Angus Phaure, sector expert at County NatWest, believes that while the bad news may endure for some time, the view that rates cannot fall at the moment is "as invalid now as it was in October".

Beazer setback

A heavy fall in Beazer, the contracting and aggregates group, followed a meeting with its bankers to seek support for plans to reschedule up to £1bn of debt. The stock market was shaken by disclosure that net debt is considerably higher than previously forecast.

The market focused in particular on yesterday's statement that Beazer is to "re-examine its dividend policy for the year ending June 1991", taking it as a hint that the dividend would be cut. The shares dropped 28½ to 116½p.

Mr Mark Gibbon of BZW cut his estimate of Beazer's profits for the year just ending by £10m to £80m, and for the year to June 1992 by £40m to £45m. He said: "We remain negative on the proposed flotation of Beazer Europe, particularly now that a dividend reduction looks inevitable."

Granada take-up

Granada recovered some ground as its rights issue was completed. Sentiment was boosted by the mid-session announcement that the take-up for the 140p a share issue was more than 77 per cent; there had been suggestions at the start of trade yesterday that the figure could be as low as two-thirds. Confidence was further boosted by news that the rump of the issue had been placed by Hoare Govett and S.G. Warburg at 149¾p.

Formerly sceptical analysts took a more positive view of the stock as a result. Mr Roy Owens at Smith New Court said he would now be rather a buyer than a seller.

The shares moved ahead 4 to 145p, compared with a price on May 9, the day before the issue was announced, of 203p.

International issues were largely untouched by the strength of the dollar. The exception was Glaxo, which once again attracted concerted US buying. The shares climbed 25 to 1264p on steady turnover of 2.1m.

Fisons lost ground late in the session as analysts and traders said the company was making telephone calls to securities houses to discuss trading. Mr Peter Woods at Fisons said: "I have commented to one or two analysts but nothing significant was said." The stock ended at 506p, a net 2 up on the day but having lost 3 in the last 90 minutes of trade.

Rank Organisation slid 16 to 649p as Henderson Crosthwaite lowered its profits forecasts. Rank's interim figures are due on July 8 and Henderson has replaced its £122m estimate with one of £90m. It also said that brokers would have to cut full year figures from the current £270m to £310m range to one of £225m to £275m.

Tour operator Airtours ran into profit-taking after overnight comment on the company's results, which showed reduced losses for the first half. The shares fell 14 to 455p.

Expedier, the sporting goods to public relations group, lost 6 to 24p after the company warned that it would post a loss of about £1m for the six months to June 30.

Hotel shares continued to labour under the weight of a slew of analysts' downgradings over the last few days. Forte, formerly Trusthouse Forte, shed 4 to 262p, partly, said marketmakers, in anticipation of extra stock arriving on the market today as traded options expired.

Boots, which has started seeing analysts, receded 9 to 368p on downgradings, said to be by Cazenove.

Brewer Morland lost 10 to 310p after making a one-for-four rights issue at 265p to raise £10.8m. The cash will help pay for 101 public houses in a deal announced yesterday. The seller was Courage and the price £16.4m.

An upgrading of profits forecasts helped Tarmac to gain 6 to 222p. Securities house Hoare Govett raised its 1991 estimate by £10m to £125m and next year's figure by £30m to £210m after speaking to the company. Also, BZW decided to become a buyer of the stock.

GEC was a penny firmer at 188p on good volume of 4.3m as investors decided it was cheap. Mr Brian Newman of Henderson Crosthwaite said it was "solid with no sex appeal". He added that the stock was on a low rating but was trading at a discount to the market, and the company was expected to maintain its dividend.

Monument Oil & Gas reversed early weakness after announcing doubled reserves in an oilfield 20 miles off Liverpool, north west England. Mr Alan Sinclair at Smith New Court said there was no doubt now that the field was commercial.

USM-quoted oil services company Flextech retreated 9 to 117p after unveiling a two-for-seven rights issue at 100p a share to raise £6.8m.

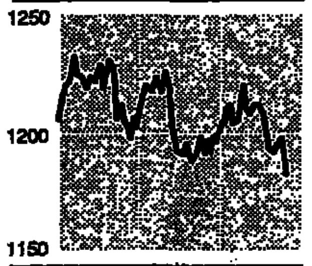
Turnover in Rolls-Royce was boosted to 7.4m shares by the placing of a line of 1.8m shares at 155p on behalf of an institution. It was one of the bigger single trades of the day. Hawker Siddeley, never a very liquid stock, was squeezed up 11 to 569p.

VSEL, the submarine maker, gained 12 to 409p on an announcement that the Ministry of Defence will not go ahead with plans for a new class of submarine but will order six traditional nuclear craft. The order is almost bound to go to VSEL and would mean the company would not incur heavy development costs.

Training company D.C. Gardner leapt 25 to 79p after saying it was engaged in bid talks. Architect and consulting engineers Debenham Tewson and Chinnocks firmed 4 to 119p after the chairman issued an upbeat statement with the company's full year results.

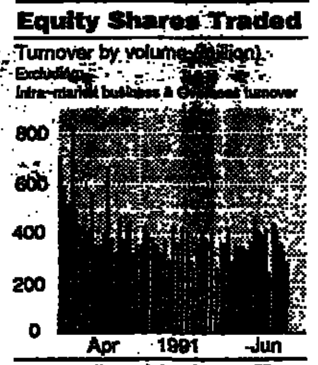
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 23.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (59). CANADIANS (2) Dorlas Inds., Musoscho Expln., CHEMICALS (2) Cambridge Isotope Labs., Engelhard, STORES (2) Oasis, Oxford, ELECTRICALS (5) Blick, GN Great Nordic, Misys, TDK, Wholesale Fittings, INDUSTRIALS (6) AGA, Hays, [illegible] Serv. Sys. B, Le Creuset, Quotient, PAPERS (1) SCA B, TRUSTS (2) Abtx, Gen. Oriental, MINES (1) St. Barbara. Linread, Looker (T), FOODS (2) Ashley, Matthews (B), HOTELS (1) Regal Hotel, INDUSTRIALS (18) Alexandra Workwear, Arthour Trust, BTR Warrants, EPS, Eurocopy, Granada, Havelock Europa, Hornby, Hunting, Nu-Swift, Pilkington, Do. Warrants, Rock, Tubular Edgington, Wilshire PL, INSURANCE (1) Heath (CE), LEISURE (4) Anglia TV, Expedier, Intl. Media Comms., TV-am, PAPERS (2) Coleflex & Fowler, Kleeneze, PROPERTY (6) Gt. Portland, MEPC, Marlvale Moore, Scottish Metropolitan, Stanhope, Warnford, TEXTILES (1) Alloh, TRANSPORT (2) Eurotunnel Warrants, Lep, Seafield, TRUSTS (2) Babcock Prebon, Caledonia, Murray Enterprise, Murray Ventures, Nat. Home Loans, OILS (2) Expl. Co. of Louisiana A, Goal, Richmond Oil & Gas, PLANTATIONS (1) Anglo-East Plants, MINES (1) Monarch Res.

NEW LOWS (67). BRITISH FUNDS (2) Conv. 10pc '96 B, Treas. 9pc 2008 C, BANKS (5) Ansbacher (H), First Nat. Fin., Gerrard & National, Guinness Mahon, Union Discount, BUILDINGS (5) Phoenix Timber, Sherco, Tarmac, CHEMICALS (1) Evode, STORES (3) Asprey, Burton, ELECTRICALS (6) INSTEM, Norsk Data A, Paton, Standard Platform, TDS Circuits, TGI, ENGINEERING (2) Lee (Arthur),

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Stock	Volume 000's	Closing Price	Day's change
British Steel	4,600	129½	-½
British Telecom	2,500	333	-2½
Bunzl	1,400	87	-1
Burmah Castrol	745	542	+4
Burton	7,500	64	-2
Cable & Wire.	1,700	625	+5
Cadburys	650	350	+2
Calor Group	300	214	-1
Carlton Comms.	510	469	+3
Coats Viyella	1,800	148	-7
Comm. Union	985	602	-1
Cookson	154	199	-1
Inchcape	1,200	336	-2
Kingfisher	2,100	458	+1
Ladbroke	1,900	251	-4
Land Securities	429	498	+1
Laporte	94	549	+3
Legal & General	810	420	-2
Lloyds Abbey	159	390	-2
Lloyds Bank	575	330	+1
LASMO	783	335	+1
London Elect.	381	185	-3
Lonrho	1,260	245	+2
Lucas	3,800	145	
Rolls Royce	7,400	157	+1
Rothmans	88	[illegible]	+3
Ryl Bk Scotland	936	176	-1
Royal Insurance	694	430	-2
Saatchi	232	17½	
Sainsbury	889	340	+1
Scottish & New.	418	374	+1
Scot. Hydro-Elect.	6,000	113½	+1
Scottish Power	10,000	105½	
Sears	3,200	75	
Sedgwick	801	287	+2
Seaboard	663	194	-1
Utd. Newspapers	355	347	
Water Package Ltd.	3	£2718	+43
Wellcome	2,000	881	-2
Welsh Water	397	294	+7
Wessex Water	300	300	+8
Whitbread 'A'	1,500	458	+2
Williams Hldgs.	1,900	298	-1
Willis Corroon	142	296	+1
Wimpey	189	176	+2
Yorkshire Elect.	217	220	-2
Yorkshire Water	535	288	+7

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

FUTURES markets survived a notable test of confidence yesterday, and provided the lead for a recovery by the stock market from a brush with the lower end of its current trading range.

Significantly, traders in futures identified the presence of institutional buyers at yesterday's lower levels.

In early trading the futures contract drifted down to 2,448, briefly losing the 2,450 support line in the wake of Wall Street's heavy setback overnight. But traders said there was little selling and that Wall Street's baleful influence was offset by the rally in Tokyo, which had fallen very sharply on Monday.

Strong demand for the Footsie contract drove it sharply higher to the day's best quotation of 2,471, at which level it appeared to run ahead of investment support.

Later trading was overshadowed by an unimpressive opening to the new Wall Street session, and by the end of the day the June contract had drifted back to the 2,458 area.

Business in traded options also increased, to return total contracts of 28,320 compared with 24,591 in the previous session. The FT-SE option contract had 11,628 contracts traded and share options were headed by Trafalgar House (2,011 contracts) as the group bid for Davy, the engineering company.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99⁴⁵⁄₆₄	98⅞	Treas 10pc Cv '91 ‡‡	99⁴⁵⁄₆₄	.....	10.01	11.28
100⅛	99⅜	Exch. 11pc 1991	99⅞	-⅛	11.00	10.85
98¾	96⅞	Treas. 8pc 1991	98¾	.....	8.09	[illegible]
101½	100⅛	Treas 12¾pc 1992‡‡	101⅛	.....	12.60	[illegible]
99¼	97⅞	Treas 10pc 1992	99⅛	.....	10.04	[illegible]
98¼	95⅞	Treas. 8pc 1992 ‡‡	98⅛	.....	8.15	[illegible]
100⅜	98½	Treas 10¼pc Cv 1992‡‡	100	.....	10.50	[illegible]
95¼	91⅛	Treas. 3pc 1992	95¼	.....	3.15	[illegible]
102⅞	100¼	Exch. 12¼pc '92	101⅞	-⅛	12.02	[illegible]
104¼	102⅞	Exch 13½pc 1992	103½	-⅛	13.04	[illegible]
97⅛	94	Treas 8¼pc 1993	96⅞	.....	8.51	[illegible]
99¾	97⅛	Treas 10pc 1993‡‡	99¼	-⅛	10.06	[illegible]
104⅞	102¼	Treas 12½pc 1993‡‡	103⅞	-⅛	12.03	[illegible]
93¼	89¾	Funding 6pc 1993‡‡	93¼	.....	6.44	[illegible]
108⅛	105⅝	Treas 13¾pc 1993‡‡	106⅞	-⅛	12.87	[illegible]
96	92⅞	Treas. 8½pc 1994	95¾	-⅛	8.88	[illegible]
111½	108⅛	Treas 14½pc 1994‡‡	109¾	-⅛	13.25	[illegible]
109	105⅞	Exch 13½pc 1994	107¼	-⅛	12.59	[illegible]
99⅞	96⅜	Treas. 10pc Ln. 1994‡‡	99	-⅛	10.10	[illegible]
106⅞	103¾	Exch. 12¼pc 1994	105⅛	-⅛	11.87	[illegible]
96⅞	93¼	Treas 9pc 1994‡‡	95⅞	.....	9.38	[illegible]
106⅛	102⅝	Treas 12pc 1995	104⅝	-⅛	11.49	[illegible]
89	82¼	Exch 3pc Gas 90-95	86¼	.....	3.48	[illegible]
100⅞	96⅞	Exch. 10¼pc 1995	99⅛	-⅛	10.32	[illegible]
109⅞	105¾	Treas 12¾pc 1995‡‡	107⅞	-⅛	11.84	[illegible]
113⅞	109⅞	Treas. 14pc '96	111⅛	-⅛	12.58	[illegible]
96⅞	92⅞	Treas. 9pc 1992-96‡‡	95⅞	-⅛	9.41	[illegible]
119⅞	115⅞	Treas 15¼pc 1996‡‡	116½	-⅛	13.09	[illegible]
112¼	108	Exch 13¼pc 1996‡‡	109⅛	-⅛	12.12	[illegible]
		Five to Fifteen Years				
100⅛	95⅞	Conversion 10pc 1996	97⅞	-⅛	10.21	[illegible]
99⅞	97⅞	Do. 10pc 1996 B	97⅞	-⅛	10.11	[illegible]
113⅞	108⅞	Treas 13¼pc 1997‡‡	110¼	-⅛	12.02	[illegible]
102⅞	97¼	Exch 10½pc 1997	99⅝	-⅛	10.55	[illegible]
94⅞	89⅞	Treas 8¾pc 1997‡‡	91⅞	-⅛	9.52	[illegible]
122⅞	117	Exch 15pc 1997	118¾	-⅛	12.67	10.89
98⅞	93⅞	Exch. 9¾pc 1998	95⅞	-⅛	10.16	10.62
85⅞	80¼	Treas 6¾pc 1995-98‡‡	84¼	-⅛	8.02	10.01
127⅞	121¾	Treas. 15½pc '98‡‡	123⅛	-⅛	12.60	10.82
109⅞	104¼	Exch. 12pc 1998	106⅛	-⅛	11.28	10.71
97⅞	92⅞	Treas 9½pc 1999‡‡	94⅞	-⅛	10.01	10.49
111⅞	105⅞	Exch. 12¼pc 1999	107⅞	-⅛	11.38	10.74
102⅝	97⅛	Treas. 10½pc 1999	99¼	-⅛	10.58	10.64
101¼	95⅞	Conversion 10¼pc 1999	97⅞	-⅛	10.48	10.63
94⅞	89¾	Conversion 9pc 2000‡‡	91⅞	-⅛	9.83	10.49
116⅛	110¼	Treas. 13pc 2000	112⅞	-⅛	11.57	10.83
100¼	94⅞	Treas 10pc 2001	96¼	-⅛	10.38	10.60
118⅞	113⅞	Treas. 14pc '98-01	114½	-⅛	12.23	10.93
98¼	92⅞	Treas 9¾pc 2002	94⅞	-⅛	10.32	10.60

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100⅞	94⅛	Treas 10pc 2003	96	-⅛	10.42	10.56
108¼	102	Treas. 11½pc 2001-04	104	-⅛	11.06	10.80
58⅞	53⅛	Funding 3½pc '99-04	56⅛	-⅛	6.20	9.33
97⅛	90⅞	Conversion 9½pc 2004	92¾	-⅛	10.24	10.51
97⅛	90⅞	Conversion 9½pc 2005	92⅞	-⅛	10.24	10.48

[illegible]

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
102	95¾	African Dv Bk 11¼Ln 2010	98⅛	-⅛	11.34	11.37
97⅞	91⅞	Asian Dev Bk 10⅛pcLn2009	94⅛	-⅛	10.89	11.00
112⅛	105⅞	Int-Am Dev Bk 12½pc 2003	108	-⅛	11.57	11.24
92⅞	86⅞	Do. 9¾pcLn 2015	88⅞	-⅛	10.98	11.06
122	101	Utd. Mexican States 16½pc 2008	121	.....	13.64	13.38

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	58	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
128	120½	Hydro Quebec 15pc 2011	123⅛	-⅛	12.89	11.89

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5.

Continued on next page

APPOINTMENTS

Standard Chartered deputy chairman

STANDARD CHARTERED has appointed Mr Patrick Gillam (*pictured*) as deputy group chairman, succeeding Lord Pennock who has retired. Mr Gillam, who joined the board in 1988, is a managing director of The British Petroleum Co, and a director of Commercial Union Assurance Co.

■ MENUMASTER EUROPE, West Thurrock, has appointed Mr Pratap Gadhvi as director of operations.

■ Mr Julian G.H. Briant has been appointed a director of ROBERT FLEMING & CO. He returns to the UK after a secondment to Jardine Fleming where as head of corporate finance he spent four years in Tokyo and a year in Jakarta.

■ Mr Robert Mackenzie, chief executive of EMAP Exhibitions Group, is to join NEWS INTERNATIONAL as head of a new division to be called News International Exhibitions.

■ Mr Tony Reading has been appointed European projects director at MIDLAND MONTAGU. He was senior manager, group planning. Mr Peter Belward becomes regional director, Europe. He was international projects director. Mr David Walker has been appointed chief operating officer, treasury sales, a new post, from July 1. He was deputy head of audit.

■ ALLIED MAPLES GROUP has appointed Mr Keith Stewart as sales and operations director. He was with Granada Group. Mr John Allen becomes business unit and development director, a new post.

■ VENTURE PLANT has appointed Mr Peter Rawlings as a director, with responsibility for the piling division.

■ Lord Marlesford has been appointed an independent national director of TIMES NEWSPAPERS HOLDINGS in succession to Sir Ian Trethowan who died earlier this year. Lord Marlesford is an editorial consultant to The Economist.

■ GILLET EXHAUST MANUFACTURING, a subsidiary of Heinrich Gillet & Co, Germany, has appointed Mr Richard Hughes as managing director of its Tredegar plant. He was managing director of a Renold subsidiary.

■ Mr Tom Boucher has been appointed a non-executive director of THE BUILDERS' ACCIDENT INSURANCE. He is a director of Dove Brothers, and Porch & Son (Cambridge). Mr Dick Allen has resigned from the board.

■ Mr Ernest Guy Libby has been appointed a director of THE CITY OF OXFORD INVESTMENT TRUST.

■ BUCKNALL GROUP has appointed Mr Patrick Palmer as finance director. He was company secretary, Birmingham Mint Group.

■ Mr Anthony Hughes has been appointed information technology director at BACS. He was with OASIS.

■ Mr Alec Finch has been elected president of the INTERNATIONAL BROKER NETWORK. He is chairman of Alec Finch & Co, Manchester.

■ CROWN FINANCIAL MANAGEMENT has promoted the following to regional director: Mr David Greenberg, London and south east; Mr Steve Perks, north and midlands; and Mr Stuart Howe, south west and Wales.

■ ANTEC INTERNATIONAL, Sudbury, has appointed Mr Stephen Cragg as financial director. He was chief accountant.

■ Mr L.J. Everard has been appointed a director of THE IVEAGH TRUSTEES. He was tax manager.

■ Mr Stephen Cooke, chief executive of Gerrard Vivian Gray, has been appointed to the board of Gerrard & National Holdings.

Mr Bruce Anderson (*pictured*) has been appointed group director finance and planning at PERKINS GROUP, Peterborough, a Varity Corporation company. He was finance director of Siemens Plessey Defence Systems.

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AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES — Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

For Trusthouse Forte see Forte

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
492	155	Airtours 10p	455	−14	18.25	3.1	2.4	17.9
108	71½	Allied Leis. 5p	89	......	F4.75	3.5	7.1	6.2
246	154	Anglia TV	160	......	9.26	2.4	7.7	7.3
31	14	Aspen 1p	16	......	1.5	3.9	12.5	2.2
9	4½	BBCE Hldgs 5p	5	......	–	–	–	–
178	123	Barr & W.A.T. 'A'	138	......	9.75	1.6	8.2	10.2
685	425	Boosey & Hawkes	655	......	16.4	2.7	3.3	13.1
45	24	Border T.V.	42	......	2.1	1.1	6.7	18.8
[illegible]	17	Brent Walker 10p	27	−1	5.0	–	24.7	–
28	4	Do 6pc Cv Cm Rd Pf £1	12	......	6.0	–	–	–
55	43	Buckingham Int'l. 10p	52	......	2.1	1.8	5.4	12.1
345	183	Campari Int. 20p	340	......	11.0	2.9	4.3	9.3
208	134	Capital Radio 2½p	180	......	5.25	2.9	3.9	11.8
507	350	Carlton Comms 5p	469	+3	†14.1	2.4	4.1	13.0
81	61	Do. 6.5p Prf 5p	76	+1	6.5	–	11.4	–
253	168	Castle Comms. 5p	230	......	8.5	1.7	4.9	15.4
653	480	Central ITV	638	......	28.5	1.4	6.0	15.6
158	120	Chiltern Radio 10p	143	......	14.8	2.6	4.5	11.0
99	39	Chrysalis	79	......	82.6	–	§	–
69	31	Cityvision 5p	32	−1	1.0	7.0	4.2	4.2
16	5	Classic TV	6	......	–	–	–	–
468	361	Compass Group 5p	485	+6	†10.35	2.8	3.4	14.1
1243	908	Euro Disney Fr10	1150	−10	–	–	–	–
30	9	European Leis.	12	......	1.7	2.2	18.9	2.0
45	22	Ex Lands 10p	36	......	–	–	–	–
87	20	Expedier 20p	36	−6	1.0	2.7	5.7	6.4
569	405	Fairline Boats 10p	498	......	21.0	4.1	5.6	5.8
276	188	First Leisure	261	+2	15.05	2.6	2.6	17.9
253	195	GWR Group 20p	234	......	16.0	3.2	§	12.2
75	62	Grampian TV A 10p	65	−1	4.1	♦	8.4	♦
8	6	Greenwich Comm. 1p	6	......	–	–	–	–
63	33	HTV Ord	40	−1	3.75	1.2	12.5	9.2
185	95	Hi-Tec Sports	137	......	5.0	2.9	4.9	9.3

PROPERTY

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Gr's
£10¼	£7½	Homestake Mining $1	£9½	−⅛	Q20c	–	1.2
61	30	Ibernia West	59	+1	–	–	–
46	36	Kells Mins. Ir5p	37	......	–	–	–
25	9	Kenmare	13	......	–	–	–
18	15	Mavan Resources	16	......	–	–	–
99	52	Northgate Expl. C$1	72	−3	–	–	–
16	6	North West Exp	7	......	–	–	–
107	25	Nor-Quest Res.	107	......	–	–	–
188	82	Oryx Gold Hldgs	172	......	–	–	–
23	11	Ovoca Gold IR 2p	15	......	–	–	–
44	24	Pahang Mining 20p	27	......	–	–	–
573	404	RTZ 10p	561	+1	19.5	2.2	4.6
10	3½	Thorco Res. Inc.	8	+1	–	–	–
10	5	Vizcaya Hldgs 5p	5	......	–	–	–
133	120	Young Group 10p	125	......	5.2	♦	5.5

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ✣✣ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ∮ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on *latest annual earnings. u Forecast, or estimated annualised* dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex *all; xd ex capital distribution.*

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	655	......
Finlay Pkg. 5p	β	27	......
Holt (Jos) 25p	β	1823	−2

IRISH

Cap. 8½% Ln. 1991	£99¼	......
9pc Cap Ln. 1996	£98	−½
Fin. 13% 97/02	£114¼	−⅛
Arnotts	155	−5
Helton Hldgs	40	......
IRG	128½	......
United Drug	176	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	88
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	88
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property	
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	48.85	48.85	52.24	-1.06	6.64
Gilts & Fixed Int	6	110.1	110.1xd	116.8	-0.1	9.85
High Inc Equity	6	132.6	136.3	144.9	-0.8	5.87
Worldwide Bond	6	209.2	209.2xd	221.7	+0.2	6.77
Capital Growth						
American Growth	6	198.0	198.0	211.7	-5.4	1.03
Asian Pacific	6	133.0	135.7	144.3	-0.1	1.09
Assets & Earnings	6	170.5	174.2xd	185.3	-1.2	3.12
Capital Reserve Acc	0	105.0	105.0	105.1	+0.1	7.22
Capital Reserve Inc	0	83.06	83.06	83.12	+0.07	7.22
Commodity & Energy	6	78.59	78.59	84.05	-1.40	1.77
1992 Enterprise	6	62.50	64.00	68.08	-0.30	2.83
Euro Capital Acc	6	89.69	89.69	95.92	-0.20	1.41
Euro Capital Inc	6	85.69	85.69	91.64	-0.19	1.42
General	6	165.3	165.3	176.7	-0.8	2.83
Japan	6	100.3	100.3	107.2	+0.2	-
Mastertrust	6	89.70	89.70	95.93	+1.11	2.13
UK Growth Acc	6	155.1	155.1	165.8	-0.6	2.73
UK Growth Dist	6	99.63	99.63	106.5	-0.3	2.75
US Emerging Cos	6	65.81	65.81	70.38	-2.63	-
Income & Growth	6	291.6	291.6xd	311.8	-2.7	4.49
Ethical	6	48.33	48.33xd	51.68	-0.19	3.27
International	6	62.70	63.54	67.59	-0.45	1.30
Dividend & Growth	6	48.20	49.37	52.52	-0.35	5.71
Global Gwth & Sec	6	51.04	51.31	54.58	-0.15	1.83

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	967.0	967.0	1030.0	.....	-

Abtrust Unit Trust Managers Ltd (1200)H

[illegible]

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	19.01	19.01	20.06	-0.38	1.17
Progressive Acc	5	28.65	28.65	30.24	-0.53	1.17
International Inc	5	30.22	30.22	31.34	.....	1.29
International Acc	5	26.87	26.87	28.38	.....	1.29
Can & Foreign Inc	5	233.3	233.3	246.2	.....	0.94
Can & Foreign Acc	5	278.8	278.8	294.2	.....	0.94
Special Sits Inc	5	206.1	206.1	217.5	.....	1.45
Special Sits Acc	5	223.8	223.8	236.2	.....	1.45
PEP Inc	5	132.7	134.5	141.9	.....	1.12
PEP Acc	5	141.7	143.5	151.5	.....	1.12
Growth Inc	5	82.16	82.16	86.71	.....	0.93
Growth Acc	5	82.50	82.50	87.07	.....	0.93

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	125.3	125.3	134.0	-1.4	3.47
Dolphin Dividend	5½	59.71	59.71	63.86	-0.15	6.17
Dolphin Int Inc & Gth	5½	156.9	156.9	167.8	-2.2	3.72
Dolphin UK & Gen	5½	32.31	32.51	34.77	-0.38	3.22
Dolphin Fund of Funds	5½	47.81	49.65	53.10	-0.11	2.82

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	73.41	74.85	80.06	+0.23	3.15
Do (Accum)	6	77.75	79.27	84.78	+0.25	3.15
Service Cos	6	61.06	61.06	65.31	-0.79	2.45
Do (Accum)	6	64.24	64.24	68.70	-0.83	2.45
Income Growth	6	42.85	42.85xd	45.83	-0.10	4.36
Do (Accum)	6	60.50	60.50	64.71	-0.14	4.36
Higher Yield	6	32.12	32.12	34.35	-0.09	4.49
Do (Accum)	6	40.24	40.24	43.04	-0.11	4.49
American Gth Inc	6	31.14	31.14	33.31	-0.46	1.51
Do (Accum)	6	31.74	31.74	33.94	-0.47	1.51
European Growth	6	26.55	26.55	28.39	+0.02	1.55
Do (Accum)	6	27.05	27.05	28.93	+0.02	1.55
Global Bond Inc	6	22.59	22.73xd	24.31	+0.10	6.47
Do (Accum)	6	26.11	26.27	28.10	+0.12	6.47
Managed P'folio Inc	6	24.82	24.90	26.63	-0.06	-
(Do Accum)	6	24.82	24.90	26.63	-0.06	-

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	81.95	81.95	87.28	-0.83	2.38
Mngd P'folio Acc	6	149.0	149.0	158.7	-1.50	-

GA Unit Trust Mngrs Ltd (1000)H
4 Melville Crescent, Edinburgh 031 220 3946

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
C & A	5½	172.9	172.9xd	183.3	-1.1	4.91
Cash*	1½	49.91	49.91xd	50.66	+0.02	10.86
Growth Portfolio	5½	47.26	47.26	50.10	-0.35	2.00
Income Portfolio	5½	48.55	48.55xd	51.46	-0.37	6.41

*C.A.R. – Compound Annual Rate

GT Unit Managers Ltd (1200)H
8th Floor, 8 Devonshire Sq, London EC2M 4YJ
071-220 4444 Dealing: 071-626 9431

Kleinwort Benson Unit Trusts (1400)F
10 Fenchurch Street, London EC3
Dealers: 071-956 7354 Admin 071-623 8000

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DS

Marlborough Fund Managers Ltd (1430)F
57 Victoria Square, Bolton, BL1 1LA

Martin Currie Unit Trusts Ltd (0905)H

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX

Rothschild Asset Management – Contd.

MGM Unit Managers Ltd (1000)H
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income F	5	256.5	258.4	274.8	-1.7	6.38
(Accum Units) F	5	401.8	406.3	432.2	-2.7	6.38
UK Growth F	5	296.0	299.9	319.0	-1.5	4.41
(Accum Units) F	5	350.3	355.0	377.6	-1.8	4.41
Int Equity Gth § F	5	52.24	52.33xd	55.67	-0.08	1.52
Intl Bond F	5	51.77	51.77xd	54.38	-0.05	7.17
Special Sits F	5	17.97	17.97	19.80	-0.1	2.18
North American F	5	68.53	68.73	73.11	-1.58	1.14
European Growth § F	6	49.61	49.84	53.02	-0.08	1.48

NW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NW Joint Investors	0	1048.1	1048.1xd	1080.6	.....	4.63

Maiden Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maiden General	0	116.2	116.2xd	119.3	.....	4.88

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings: 071-256 5858

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5½	130.8	130.8	139.1	.....	4.23
Gilt & Fxd Int	5	140.6	140.6	147.9	.....	8.73
Intl Growth	5½	151.2	152.6xd	162.3	.....	0.42
North American ♥	5½	98.42	99.43	106.2	.....	0.37
Far East	5½	120.9	122.0xd	129.8	.....	0.36
UK Smaller Cos	5½	105.1	105.1xd	111.8	.....	3.23
European	5½	54.90	54.90xd	58.54	.....	1.09
Japanese Growth	5½	37.90	37.90	40.58	.....	0.00
Managed P'folio	5½	49.46	49.91xd	53.10	.....	1.76
High Income	5½	146.4	148.3	157.8	.....	6.14
High Yielding Gilt	5½	60.79	60.79xd	64.08	.....	9.61
Cash		50.98	50.98	50.98	.....	10.36

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0129

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5½	158.2	159.2	169.5	-4.4	0.95
European Gwth	5½	197.6	197.6xd	211.2	-0.6	0.00
Intl Gwth	5½	148.9	148.9xd	158.3	-1.3	0.90
UK Equity Inc	5½	114.1	114.1	123.0	-1.1	6.60
UK Equity Acc	5½	128.5	128.5	138.5	-1.3	6.60
UK Ind Tracker Inc	5	119.1	119.1	127.2	-0.8	3.94
UK Ind Tracker Acc	5	127.3	127.3	135.9	-0.9	3.94
US Eq Ind Tracker Inc	5	144.9	144.9	155.3	-3.5	2.88
US Eq Ind Tracker Acc	5	149.6	149.6	160.3	-3.6	2.88
Japan Tracker	5	63.98	63.98xd	67.85	+0.2	0.00
Asian Trader	5½	87.25	87.25	93.23	-0.3	1.44
Managed Inc	5½	97.39	97.39xd	104.7	-0.7	2.04
Managed Acc	5½	99.33	99.33xd	106.7	-0.8	2.04
Cash Inc	0	100.42	100.42xd	100.42	+0.03	11.62
Cash Acc	0	108.80	108.80xd	108.80	+0.03	11.62
Europa	5½	106.0	106.0	113.5	+0.4	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Fund	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	115.86	115.86	123.40	-0.68	2.60
Exempt Smllr Cos	3½	222.54	222.54	241.09	-0.86	2.40

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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh				031-226 3271		
American ¶	5	299.3	299.3	319.5	-7.4	1.39
(Accum Units) ¶	5	330.1	330.1	[illegible]	-8.6	1.39
British	5	780.8	780.8	826.0	-8.2	6.02
(Accum Units)	5	1250.0	1250.0	1322.4	-3.5	6.01
European	5	327.9	327.9	351.1	-0.5	1.51
(Accum Units)	5	351.5	351.5	376.3	-0.6	1.51
Japan	5	123.6	123.6	131.3	+0.5	-
(Accum Units)	5	124.5	124.5	132.3	+0.5	-
New Pacific	5	173.0	173.0	183.8	-1.2	1.97
(Accum Units)	5	177.1	177.1	188.2	-1.2	1.97
PEP June 19 ‡	5	132.9	134.4	142.1		3.54
Mngd Equity	5	121.0	122.9	130.1	-0.3	3.57
Mngd Equity Acc	5	125.2	127.2	134.6	-0.3	3.57
Mngd Cash	5	97.34	97.34	102.1	----	11.36
(Accum Units)	5	112.8	112.8	118.5	----	11.36
Mngd Fixed Int Acc June 19	5	119.3	119.3	126.2	----	6.61
MajorityGilty	1	101.28	101.28	102.29	+0.02	10.97
MajorityGilty Acc	1	104.11	104.11	105.14	+0.02	10.97
Stonehenge Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
Inputtential June 18	0	51.62	51.62	51.99	----	13.42
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham				0403 56293		
Equity	6	579.2	586.9	627.7	-1.7	3.31
North America	6	79.64	79.42	84.94	-0.92	1.08
Far East	6	96.73	97.89	104.7	+0.9	0.93
W'wide Bond	6	47.27	47.27	50.29	-0.02	5.95
W'wide Fixed (Gross)	6	36.22	36.22	38.38	+0.15	9.10
W'wide Tech (Gross)	6	43.36	43.36	45.99	-0.03	9.17
European	6	67.02	67.42	72.11	-0.19	1.45
Equity Income	6	67.20	68.17xd	72.91	-0.20	5.19
Portfolio	6	57.72	58.30	62.35	-0.26	2.38
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants				0800 525725		
American Growth	6	26.19	26.19	28.02	-0.57	0.40
Managed Assets	6	102.05	102.68	109.82	-0.56	4.00

	Bid Price	Offer Price	+ or -	Yield Gross
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American June 26	158.7	163.1	-7.9	1.53
Managed June 26	142.7	148.0	-2.5	3.89
Japan June 20	120.8	124.1xd	+1.2	0.08
Sm Jap Cos June 21	605.1	621.7	-9.8	0.10
Fidelity Investment Services Ltd				
Mngd Pens P'folio	128.4	132.5	-0.30	3.74
Robert Fleming Asset Mngmt Ltd				
Am Exempt	£475.10	482.14	-12.25	1.56
Gen Exempt	£128.45	131.34	-1.76	3.93
Jap Exempt	£485.52	495.13	-10.95	0.78
Pacific Exempt	£102.00	104.37	+0.83	3.01
Cont'l Euro Exempt	£97.78	99.673	-0.96	2.22
Indexed Exempt June 20	£125.72	128.85	----	5.03
Amer Indxd Expt June 20	£105.52	107.58	----	2.85
Japan Indxd Expt June 20	£66.00	67.34	----	0.63
Euro Indxd Expt June 20	£98.57	100.55	----	2.80
O'seas Indxd Expt June 20	£101.44	103.48	----	2.22
Funds in Court*				
Capital June 19	497.29	500.94	----	2.45
Gross June 19	176.58	177.97xd	----	10.96
High Yield June 19	290.78	293.12	----	7.05
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	52.04	53.11	-0.10	3.91
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1341.0	1339.0	----	-
Mngd Pens (Acc)	68.2	72.7	----	-
Lazard Brothers & Co. Ltd				
Property Jan 3	£2560.0	2675.0	----	6.80
Inc Gilt Pep Apr 16	£1325.0	1460.0	----	7.20

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	105.4	111.1	.....	–
Pension Managed Fd	103.0	108.4	.....	–
Life Deposit Fd	*107.6*	*113.2*	.....	–
Pension Deposit Fd	112.9	118.9	.....	–
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	107.6	113.3	−0.5	–
Managed Growth	135.7	142.9	−0.9	–
Managed Opportunity	138.3	145.6	−1.2	–
NFMC Target Financial	100.7	106	−1	–
Pension Funds				
Managed Cautionary	117.8	124	−0.5	–
Managed Growth	143.7	151.3	−0.9	–
Managed Opportunity	138.6	145.9	−1.1	–
NFMC Target Mngd Pens	1511.3	1590.9	−8.1	–
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	162.8	171.4	.....	–
UK Equity	168.4	177.3	.....	–
Overseas Equity	143.0	150.6	.....	–
Fixed Interest	142.0	149.5	.....	–
Property	128.3	135.1	.....	–
Index Linked	146.9	154.7	.....	–
Deposit	157.1	165.4	.....	–
With Profits (B)	128.9	135.8	.....	–
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	347.8	366.2	−1.4	–

	Bid Price	Offer Price	+ or −	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	149.5	158.0	(z)	–
Accum Equity	214.0	225.5	(z)	–
Accum Managed	224.0	236.5	(z)	–
Accum Five Star	172.0	181.5	(z)	–
Accum World	125.0	132.0	(z)	–
Accum Lifetime	108.6	108.6	(z)	–
Pens Acc Equity	230.5	243.0	(z)	–
Pens Acc Managed	279.5	295.0	(z)	–
Pens Acc Intl.	215.0	227.0	(z)	–
Pens Acc Deposit	199.5	210.5	(z)	–
Pens Acc Five Star	189.0	199.5	(z)	–
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	*221.4*	*233.6*	*−1.0*	–
UK Fixed Int Acc	172.3	181.8	−0.2	–
Intl Equities Acc	180.2	190.1	−0.8	–
UK Managed Acc	172.3	181.7	−0.5	–
Property Acc	224.2	236.5	−0.2	–
Money Acc	129.4	136.6	.....	–
Special Market Acc	140.3	148.0	−0.8	–
Japan Equity Acc	107.5	113.4	+0.6	–
North American Acc	109.2	115.2	−2.9	–
Pacific Acc	97.8	103.2	−0.3	–
Technology Acc	123.4	130.2	−1.4	–
Nat Resources Acc	61.5	64.9	−1.0	–
European Acc	102.7	108.4	+0.1	–
Residential Prop Acc	*96.2*	*101.5*	.....	–
Swiss Equities Acc	35.2	37.2	−0.2	–
Hong Kong Acc	66.1	69.8	+0.2	–
UK High Inc Eq Acc	72.1	76.1	−0.3	–
Int. Fixed Interest Acc	57.1	60.3	.....	–
Int Managed Acc	57.3	60.4	−0.2	–
HIP Managed Acc	117.3	123.7	−0.5	–
HIP Managed II Acc	99.5	104.9	−0.4	–
HIP Managed III Acc	106.1	111.9	−0.4	–
Total Investment Bond				
UK Equity Initial		150.8	−0.5	–
UK Fixed Int Initial		117.5	−0.1	–
Intl Equities Initial		122.0	−0.4	–

	Bid Price	Offer Price	+ or −	Yield Gross
ECU Futures Plc				
ECU Omega Funds		145.0	.....	–
ECU Royden		121.0	−1.9	–
Edinburgh Money Management Ltd				
41a Charlotte Square, Edinburgh EH2 4HQ 031 220 3244				
Select Portfolio	128.6	30.21	−0.31	–
Fairmount Financial Services Ltd				
Fairmount Hse, Bull Hill, Leatherhead 0372 376000				
Secure		105.7	.....	–
Growth		104.0	.....	–

	Bid Price	Offer Price	+ or −	Yield Gross
James Campbell Financial Services				
8-10 Brook St, Coleraine Co Londonderry 0265 58500				
Executive Pension	121.9	128.4	.....	–
Investment Portfolio	160.2	168.7	.....	–
Chase de Vere PLC				
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766				
New Trust Fd	102.5	107.8	.....	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$765.01		----	-
Fixed Income Shares	$987.12		----	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Asia Growth	$10.22		+0.03	-
Yamaichi ISS Fund	$7.61		+0.04	-
Yamaichi CB Plus Fund	$8.06		+0.03	-
Thai Inv Fund	$10.34		----	-
Yamaichi OTC Equity (z)	$9.72		-0.06	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (x)						
29 Kildare Street, Dublin						010 353 1760 630
GAM Universal US$ Inc		$-	108.73		----	-
GAM Universal US$ Acc		$-	108.73		----	-
GAM Universal DM Acc	DM-		119.87		----	-
GAM Universal DM Inc	DM-		119.87		----	-
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	0.97	1.041	----	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scap	99.41	4.69	----	-

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
John Govett—Contd.						
Far East Equity	5½	$10.87	10.87	10.99	+0.01	1.0
US Smaller Cos	5½	$12.11	12.11	12.24	-0.39	1.0
European Equity	5½	[illegible]	13.99	14.14	-0.12	2.0
UK High Income	5	£4.78	4.78	4.80	----	10.75
UK Equity	5½	£4.75	4.75	4.78	-0.04	3.0
Initial charge may alter for sales in other jurisdictions						
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey						0534 76029
Stlg Fixed Int	5½	£1.136	1.136	1.206	[illegible]	10.02
Offshore High Yield	3½	£1.409	1.413xd	1.465	[illegible]	12.[illegible]
Global Equity Fund	5½	$13.96	13.96xd	14.93	-0.38	0.68
European Equity	5½	[illegible]	18.52	19.81	-0.09	0.88
UK Capital Fund	3½	£4.564	4.617	4.938	[illegible]	2.81
Nth American Eqty	5½	$9.857	9.857	10.515	-0.18	0.50
Far Eastern Eqty	5½	$10.42	10.60	11.34	-0.03	2.00
International Mngd	5½	$10.74	10.74	11.49	-0.09	0.37
Intnl. Bond Fund						
Sterling Managed	5½	£10.68	10.68	11.38	-0.02	8.60
US Dollar Managed	5½	$12.94	12.94	13.78	+0.03	5.89
International Currency Fund						
Sterling Managed ♦	5½	£26.61	26.61	28.16	+0.04	-
US Dollar Managed ♦	5½	$29.33	29.33	31.25	----	-
Sterling ♦ §	0	£25.17	25.17	25.17	+0.01	10.73
US Dollar ♦ §	0	$38.09	38.09	38.09	+0.01	4.56
Deutschemark ♦ §	0	[illegible]	60.34	60.34	+0.08	7.62
Japanese Yen ♦ §	0	Y4,864	4,864	4,864	+1	6.35
Swiss Franc ♦ §	0	SFr46.93	46.93	46.93	----	6.59
Irish Punts ♦ §	0	I£22.29	22.29	22.29	+0.01	6.46
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey						0534 73114
Jersey Gilt (z)	5¼	[illegible]	0.1678	0.1768	----	10.33
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey						0534 27561
Lloyds Tst. Gilt	2½	£9.304	9.380	9.625	-0.04	11.22
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Morgan Stanley Japanese Warrant Fund NV				
NAV	$8.2159		----	-
The New Zealand Fund				
Manager: Leadenhall Offshore Ltd				
The NZ Fund	$5.77	6.18	-0.01	-
Newport International Management				
Npt. Intl. Securities	$41.62		----	-
Npt. Intl. Inc. Fd	$19.45		----	-
Npt. Pacific	$28.87		----	-
Nomura Warrant Fund 1990 Ltd				

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Mixed dollar helped by data

ENCOURAGING ECONOMIC news boosted the dollar yesterday, but it had failed to establish a clear trend at the London close. The currency touched DM1.80, on improved US consumer confidence and a larger than expected rise in May durable goods orders, before easing back as the US administration indicated that it is not looking for further gains appreciation.

The US Conference Board said its index of consumer confidence rose to 78.0 in June from a revised 76.4 in May. Durable goods orders climbed 3.8 per cent in May, the biggest gain since March 1990, and well above an expected rise of 1.9 per cent. April orders rose by a revised 3.6 per cent, meaning that May showed the second straight monthly rise, encouraging hopes that the US economy is moving out of recession.

Mr David Mulford, the US Treasury undersecretary, told a senate banking subcommittee that competitiveness is not being hurt by present dollar levels but the US is not anxious for a further appreciation.

This led to light profit-taking in the dollar, leaving it mixed at the London close, but generally firmer against European currencies. It rose to DM1.7985 from DM1.7845; to SFr1.5530 from SFr1.5335; and to FFr6.1050 from FFr6.0600, while easing to Y138.80 from Y138.85. The dollar's index improved to 67.8 from 67.6.

The D-Mark was steady around the middle of the European exchange rate mechanism despite losing ground to the dollar and the Japanese yen. Speculation about a possible rise in official German interest rates at tomorrow's meeting of the Bundesbank council provided some support.

At the London close the D-Mark had eased to Y77.15 from Y77.80. The yen was underpinned by a recovery in Japanese share prices and speculation about dollar sales by a large Japanese securities house in Tokyo.

Sterling lost ground to the dollar and several other major currencies, including the D-Mark. Trading was thin however, lacking any further important economic news to provide direction this week after Monday's UK trade figures.

The pound fell 1¼ cents to $1.6275. It also declined to DM2.9275 from DM2.9300; to FFr9.9350 from FFr9.9525; and to Y226.00 from Y228.00, but rose to SFr2.5275 from SFr2.5175. Sterling's index fell 0.3 to 89.6, but it was unchanged in the ERM grid, remaining above the French franc and the Danish krone.

Figures from the European commission showed that the Danish krone replaced the French franc at the bottom of the ERM, but there was very little between the two currencies and the krone was not under any pressure against the highest placed Spanish peseta.

In Paris the franc was fixed higher against the peseta, with the Spanish currency falling to FFr5.4060 per 100 pesetas from FFr5.4250, declining further from its ERM ceiling of FFr5.4785.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 25	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.913	−3.53	4.76	61
Italian Lira	1538.24	1527.44	−0.70	1.78	39
Belgian Franc	42.4032	42.2654	−0.32	1.39	20
Dutch Guilder	2.31643	2.31152	−0.21	1.28	14
D-Mark	2.05586	2.05195	−0.19	1.26	17
Irish Punt	0.767417	0.767067	−0.05	1.11	6
Sterling	0.696904	0.701600	0.67	0.39	−14
French Franc	6.89509	6.96571	1.00	0.07	−50
Danish Krone	7.84195	7.92537	1.06	0.00	−45

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Jun 25	Latest	Previous Close
£ Spot	1.7925-1.7935	1.6460-1.6470
1 month	0.79-0.77pm	0.73-0.71pm
3 months	2.05-2.02pm	2.02-1.99pm
12 months	5.91-5.81pm	5.79-5.69pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jun 25	Previous
8.30 am	[illegible]	89.5
9.00 am	[illegible]	89.5
10.00 am	[illegible]	89.6
11.00 am	[illegible]	89.6
Noon	[illegible]	89.6
1.00 pm	[illegible]	89.7
2.00 pm	[illegible]	89.8
3.00 pm	[illegible]	89.8
4.00 pm	[illegible]	89.9

CURRENCY MOVEMENTS

Jun 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	89.6	−21.4
U.S. Dollar	67.8	−11.0
Canadian Dollar	107.0	+3.8
Austrian Schilling	108.3	+10.9
Belgian Franc	109.7	+3.0
Danish Krone	107.1	−2.2
Deutsche Mark	115.4	+22.8
Swiss Franc	109.7	+19.2
Dutch Guilder	112.5	+14.9
French Franc	101.4	−24.1
Lira	98.0	−28.1
Yen	138.4	+64.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jun 24

CURRENCY RATES

Jun 25	Bank % rate	Special * Drawing Rights	European † Currency Unit
Sterling	[illegible]	0.807765	0.701600
U.S. Dollar	6.00	1.32423	1.14347
Canadian $	8.91	1.50177	1.30441
Austrian Sch	[illegible]	16.4855	14.4408
Belgian Franc	10.50	48.9184	42.2654
Danish Krone	9.50	9.19242	7.92537
D-Mark	6.50	2.37411	2.05195
Dutch Guilder	7.75	2.67079	2.31152
French Franc	10.00	8.04374	6.96571
Italian Lira	11.50	1762.54	1527.44
Japanese Yen	5.50	183.467	158.797
Norway Krone	8	9.26795	8.00495
Spanish Peseta	12.50	147.944	128.913
Swedish Krona	10.00	8.58718	7.42224
Swiss Franc	6.00	2.03969	1.77066
Greek Drach	19	N/A	224.794
Irish Punt	N/A	N/A	0.767067

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jun 24

OTHER CURRENCIES

Jun 25	£	$
Argentina	16261.1 - 16287.4	9967.00 - 9977.00
Australia	2.1325 - 2.1345	1.3060 - 1.3070
Brazil	498.470 - 499.220	305.000 - 305.800
Finland	6.9115 - 6.9445	4.2560 - 4.2580
Greece	324.650 - 332.95	193.950 - 197.840
Hong Kong	12.6240 - 12.6400	7.7410 - 7.7460
Iran	112.70*	70.00*
KoreaSth	1187.75 - 1206.85	725.60 - 731.40
Kuwait	0.4700 - 0.4780	0.29370 - 0.29385
Luxembourg	60.15 - 60.25	36.95 - 37.05
Malaysia	4.5415 - 4.5495	2.7810 - 2.7830
Mexico	4918.20 - 4923.65	3015.00 - 3016.00
N.Zealand	2.8350 - 2.8400	1.7360 - 1.7390
Saudi Ar	6.1125 - 6.1815	3.7490 - 3.7510
Singapore	2.8875 - 2.8945	1.7660 - 1.7680
S.Af (Cm)	4.7025 - 4.7135	2.8790 - 2.8810
S.Af (Fn)	5.3800 - 5.4705	3.2945 - 3.3500
Taiwan	44.30 - 44.40	27.15 - 27.20
U.A.E.	5.9845 - 6.0540	3.6720 - 3.6740

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

Jun 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6250 - 1.6460	1.6270 - 1.6280	0.78-0.76cpm	5.68	2.04-2.01pm	4.98
Canada	1.8590 - 1.8675	1.8590 - 1.8600	0.49-0.41cpm	2.90	1.21-1.08pm	2.46
Netherlands	3.2850 - 3.3010	3.2900 - 3.3000	¾-½cpm	2.28	1⅝-1½pm	1.90
Belgium	59.95 - 60.40	60.15 - 60.25	14-10cpm	2.39	32-27pm	1.96
Denmark	11.2515 - 11.3220	11.2725 - 11.2825	2¼-1½orepm	2.00	5¾-4¾pm	1.77
Ireland	1.0905 - 1.0980	1.0945 - 1.0955	0.15-0.10cpm	1.37	0.36-0.28pm	1.02
Germany	2.9210 - 2.9300	2.9250 - 2.9300	¾-⅝pfpm	2.82	1⅞-1¾pm	2.05
Portugal	253.85 - 256.15	254.60 - 255.60	49-84cdis	−3.13	139-189dis	−2.57
Spain	182.80 - 184.30	183.60 - 183.90	12-20cdis	−1.04	36-45dis	−0.88
Italy	2172.40 - 2183.00	2178.75 - 2179.75	1pm-1liredis	-	par-1dis	−0.09
Norway	11.3700 - 11.4440	11.4025 - 11.4125	1⅛-⅜orepm	0.85	3-2⅛pm	0.90
France	9.9090 - 9.9515	9.9300 - 9.9400	1¼-1cpm	1.36	2⅞-2⅝pm	1.11
Sweden	10.5470 - 10.6065	10.5825 - 10.5925	1¼-⅜orepm	1.06	1¾-1pm	0.52
Japan	225.50 - 226.75	225.50 - 226.50	¾-⅝ypm	3.65	2-1¾pm	3.32
Austria	20.51 - 20.63	20.60 - 20.63	5⅜-4¼gropm	2.87	11⅜-8⅝pm	1.94
Switzerland	2.5140 - 2.5325	2.5225 - 2.5325	⅞-⅝cpm	3.56	2-1⅞pm	3.07
Ecu	1.4205 - 1.4290	1.4230 - 1.4240	0.24-0.18cpm	1.77	0.44-0.37pm	1.14

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.56-3.51cpm. 12 Month 5.83-5.73cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jun 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6250 - 1.6460	1.6270 - 1.6280	0.78-0.76cpm	5.68	2.04-2.01pm	4.98
Ireland†	1.4865 - 1.5010	1.4880 - 1.4890	0.54-0.49cpm	4.15	1.43-1.33pm	3.71
Canada	1.1410 - 1.1430	1.1415 - 1.1425	0.25-0.28cdis	−2.78	0.70-0.75dis	−2.54
Netherlands	2.0030 - 2.0285	2.0245 - 2.0255	0.54-0.57cdis	−3.29	1.55-1.60dis	−3.11
Belgium	36.45 - 37.10	36.95 - 37.05	9.00-11.00cdis	−3.24	25.00-31.00dis	−3.03
Denmark	6.8635 - 6.9530	6.9275 - 6.9325	1.75-2.25oredis	−3.46	5.45-5.85dis	−3.26
Germany	1.7775 - 1.8010	1.7980 - 1.7990	0.44-0.46pfdis	−3.00	1.31-1.33dis	−2.94
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jun 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11½ - 11¼	11⅝ - 11½	11⅝ - 11½	11⅝ - 11½	11⅜ - 10⅞	10⅞ - 10¾
US Dollar	5⅞ - 5¾	6⅛ - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅜ - 6⅛	6⅞ - 6⅝
Can. Dollar	8½ - 8¼	8½ - 8¼	8⅝ - 8⅝	8⅝ - 8⅝	8¾ - 8½	9⅛ - 8⅞
Dutch Guilder	9¼ - 8¾	9¼ - 8¾	9⅛ - 9⅛	9⅛ - 9⅛	9¼ - 9⅛	9⅜ - 9⅛
Swiss Franc	7⅜ - 7⅜	7⅜ - 7⅜	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅞	7⅞ - 7⅞
D-Mark	8⅞ - 8¾	8⅞ - 8¾	8⅞ - 8⅞	9⅛ - 8⅞	9¼ - 9⅛	9⅜ - 9⅛
French Franc	10⅛ - 10	10⅛ - 10	10 - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
Italian Lira	12 - 10	11½ - 10½	11⅜ - 10⅞	11⅜ - 10⅞	11⅞ - 11⅛	11⅞ - 11⅝
Belgian Franc	9⅜ - 9	9⅜ - 9	9⅛ - 8⅞	9⅜ - 9⅛	9⅜ - 9¼	9⅛ - 9⅛
Yen	8⅛ - 8	8⅛ - 8	8 - 7⅞	7⅞ - 7⅞	7⅞ - 7¾	7⅜ - 7⅛
Danish Krone	9⅝ - 9⅛	9⅝ - 9⅛	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜	9⅜ - 9⅛
Asian $Sing	6 - 5⅞	6 - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅜ - 6⅛	6⅝ - 6⅜

Long term Eurodollars: two years 7⅞-7⅝ per cent; three years 8⅛-8 per cent; four years 8⅜-8¼ per cent; five years 8⅝-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June.25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.628	2.928	226.0	9.935	2.528	3.295	2179	1.860	60.20	1.424
$	0.614	1	1.799	138.8	6.103	1.553	2.024	1338	1.143	36.98	0.875
DM	0.342	0.556	1	77.19	3.393	0.863	1.125	744.2	0.635	20.56	0.486
YEN	4.425	7.204	12.96	1000.	43.96	11.19	14.58	9642	8.230	266.4	6.301
F Fr.	1.007	1.639	2.947	227.5	10.	2.545	3.317	2193	1.872	60.59	1.433
S Fr.	0.396	0.644	1.158	89.40	3.930	1	1.303	861.9	0.736	23.81	0.563
H Fl.	0.303	0.494	0.889	68.59	3.015	0.767	1	661.3	0.564	18.27	0.432
Lira	0.459	0.747	1.344	103.7	4.559	1.160	1.512	1000.	0.854	27.63	0.654
C$	0.538	0.875	1.574	121.5	5.341	1.359	1.772	1172	1	32.37	0.766
B Fr.	1.661	2.704	4.864	375.4	16.50	4.199	5.473	3620	3.090	100.	2.365
ECU	0.702	1.143	2.056	158.7	6.977	1.775	2.314	1530	1.306	42.28	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE EURO FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE): 20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS (LT) 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; 9% NOTIONAL ECU BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; FT-SE 100 INDEX; EURO SWISS FRANC; FT FOREIGN EXCHANGE RATES

FT FOREIGN EXCHANGE RATES				
Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6275	1.6198	1.6073	1.5922	1.5697

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.61422	1.6158	1.6060	1.6282
Dec	1.5966	1.6000	1.5900	1.6126
Mar	-	-	1.5800	1.6008

CHICAGO: U.S. TREASURY BONDS (CBT) 8%; JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); U.S. TREASURY BILLS (IMM); THREE-MONTH EURODOLLAR (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; PHILADELPHIA SE £/$ OPTIONS

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; THREE-MONTH PIBOR FUTURES (MATIF); CAC-40 FUTURES (MATIF) Stock Index; ECU BOND (MATIF)

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
101	-	-	-	0.16	0.45	0.65
102	-	-	-	0.31	0.68	-
103	-	-	-	0.58	0.99	-
104	0.97	1.43	-	0.95	1.39	-
105	0.57	1.02	-	1.52	1.91	-
106	0.29	0.65	0.92	2.23	-	-
107	0.12	-	-	-	-	-
108	0.06	-	-	-	-	-
Open Int	132,204	24,170	3,308	109,935	18,871	9,700

Estimated volume 57,085 Total Open Interest 298,180

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm.Bk.of London Plc	11.5	McDonnell Douglas Bnk	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe Bank Ltd	12.5
Bank Credit & Comm	11.5	Financial & Gen. Bank	12	Royal Bk of Scotland	11.5
Bank of Cyprus	11.5	First National Bank Plc	14	● Smith & Williamson Secs.	11.5
Bank of Ireland	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of India	11.5	Robert Fraser & Ptnrs.	12	TSB	11.5
Bank of Scotland	11.5	Girobank	11.5	Unibank plc	11.5
Banque Belge Ltd	12	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Barclays Bank	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Beachmark Bank	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
Brit Bk of Mid East	11.5	Heritable & Gen Inv Bnk	11.5	Westpac Bank Corp.	11.5
● Brown Shipley	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
CL Bank Nederland	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
Citibank NA	11.5	Hongkong & Shanghai	11.5		
City Merchants Bank	11.5	● Leopold Joseph & Sons	11.5		
Clydesdale Bank	11.5	Lloyds Bank	11.5		
		Meghraj Bank Ltd	11.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

German call rate up

ATTENTION IN Europe is starting to focus on tomorrow's Bundesbank council meeting in Berlin.

Mr John Major, the UK prime minister, suggested recently that tighter German monetary policy might be justified to avoid any rise in inflation. Germany's June consumer price index is due before the end of this week and is expected to show a rise from the May year-on-year rate of 3.0 per cent. This has led to speculation that the Bundesbank council may vote to tighten credit. However, yesterday's action by the central bank pointed towards no change.

A shortage of liquidity pushed call money up to 8.85 from 8.75 per cent in Frankfurt, prompting an injection of section 17 money - funds held by the Bundesbank on behalf of public authorities - to prevent a rise to the 9 per cent Lombard rate. A June deadline for tax payments has tightened conditions, leading to a fall in banks' reserve holdings to DM62.5bn on Friday from DM65.6bn.

Further guidance on policy will be looked for in today's result of this week's securities repurchase agreement tender. The Bundesbank offered 28-day funds at variable bid rates, to replace an expiring DM8bn facility. The last pact was set mostly at 8.75 per cent.

In London three-month interbank firmed slightly to 11⁵⁄₁₆-11³⁄₁₆ from 11¼-11⅛, ahead of the Bundesbank's meeting and after last week's signal from the Bank of England that an early cut in bank base rates would not be welcomed. One-year money rose to 11-10⅞ from 10⅞-10¾ per cent. On Liffe September short sterling fell to 89.39 from 89.45.

Credit was in more comfortable supply than of late on the cash market. The Bank of England forecast a shortage of £550m and provided help of £552m.

Before lunch the authorities bought £352m bills outright, by way of £50m bank bills in band 1 at 11⅜ per cent and £302m bank bills in band 2 at 11⁵⁄₁₆ per cent.

In the afternoon another £100m bank bills were purchased in band 1 at 11⅜ per cent and late assistance of around £100m was provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £561m, with bank balances below target absorbing £105m. These outweighed a fall in the note circulation adding £100m to liquidity.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Jun 25) 3 months US dollars		6 months US Dollars	
bid 6⅛	offer 6¼	bid	offer

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	8½	One month	-	Three year	7.42
Broker loan rate	7¼	Two month	-	Four year	7.62
Fed.funds	5⅞	Three month	5.73	Five year	7.97
Fed.funds at intervention	5⅞	Six month	6.02	Seven year	8.21
		One year	6.35	10-year	8.34
		Two year	6.92	30-year	8.52

June 25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-8.90	8.75-8.90	8.80-8.95	8.85-9.00	8.95-9.10	9.00
Paris	10⅛-10¼	9⅞-10	9⅞-10	9⅞-10	9⅞-10	9.25
Zurich	7⅝-7⅞	7⅞-8⅛	-	7⅞-8⅛	-	-
Amsterdam	8.75-8.88	9.02-9.10	-	9.06-9.14	-	-
Tokyo	7⅞-8	7⅞-7⅛	-	7⅞-7⅞	-	-
Milan	10⅝-10⅞	11⅛-11⅜	-	11⅝-11⅞	-	-
Brussels	9.00-9.12	9⅛-9⅜	-	9⅛-9⅜	-	-
Dublin	10⅛-10½	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	-

LONDON MONEY RATES

Jun 25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11⅝	11⁹⁄₁₆	11⁷⁄₁₆	11⁵⁄₁₆	11⅛	10⁷⁄₈
Interbank Bid	9	11⁵⁄₁₆	11½	11³⁄₁₆	10⅞	10¾
Sterling CDs	-	-	11⁷⁄₁₆	11¼	11⅛	10⅞
Local Authority Deps.	11½	11⅜	11½	11⅜	11	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	12	11⅜	11⅜	10⅞	-	-
Company Deposits	-	-	11⅝	11¼	11⅛	10⅞
Finance House Deposits	-	-	11⅝	11¼	10⅞	10⅞
Treasury Bills (Buy)	-	-	11⅜	10⅞	10⅞	-
Bank Bills (Buy)	-	-	11¼	10⅞	10⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	6.05	6.12	6.35	6.92
SDR Linked Dep. Offer	-	-	7⅞	7⅞	7⅞	8
SDR Linked Dep. Bid	-	-	7⅞	7⅞	7⅞	7¾
ECU Linked Dep. Offer	-	-	9⅞	10	10⅛	10
ECU Linked Dep. Bid	-	-	9⅞	9⅞	9⅞	9⅞

Treasury Bills (sell); one-month 10⅞ per cent; three months 10⅞ per cent; six months 10⅝ per cent; Bank Bills (sell): one-month 11⅛ per cent; three months 10⅞ per cent; Treasury Bills; Average tender rate of discount 10.6877 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1991. Agreed rates for period June 26, 1991 to July 23, 1991, Scheme I: 12.73 p.c., Schemes II & III: 12.87 p.c. Reference rate for period May 1, 1991 to May 31, 1991, Scheme IV&V: 11.587 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 from June 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 10½ per cent; three-six months 10 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 8 per cent from May 28, 1991. Deposits withdrawn for cash 5 per cent.

The PHARMACEUTICAL INDUSTRY

The FT proposes to publish this survey on 23 July 1991.
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FT SURVEYS

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,578 Set by GRIFFIN

ACROSS

1 Pass total talked of as generous (8)
5 Accepting the short answer "It's in Greece" (6)
10 Inquisitive American dropped rare object (5)
11 Became a union member again? (9)
12 Tending to provoke vice a vote is overturned (9)
13 Make certain there's no right result (5)
14 Near back street when it gets dark (6)
15 Expert having endless fun in craft (7)
18 Said I'll avoid first weapon (7)
20 Shell engineer requires new lock installed (6)
22 Guts upset, having duck with relish! (5)
24 Against entering control of religious house (9)
25 Adore trips to capital airport (9)
26 The fool and I do it differently (5)
27 Conservative man admitted speculation (6)
28 Having aversion to something I call Reg, perhaps? (8)

DOWN

1 Wine you once raised after game (6)
2 Ran back to bed (is taking cold drugs) (9)
3 Most cha, for instance, causes a gastric ailment! (7,8)
4 Skill in writing about birds (7)
6 Set of clothes given with last of sale furniture (5-5,5)
7 Sins wicked people are beheaded for (5)
8 In South of France deny leaving first without warning (8)
9 Remains hot in December sun (6)
16 Felt a silly grin develop after stumbling (9)
17 Old lady in Issue One settles abroad (8)
19 Where to tie up boat when following former wife? (6)
20 Removing one nice black rock without mask (7)
21 Unusually misty and cold, it's mysterious (6)
23 Wait and see when Revised Version is accepted (5)

Solution to Puzzle No.7,577

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WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	June 24	June 21	June 20	June 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	2913.01	2965.56	2953.94	2955.50	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.23	94.31	90.40	94.11	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1161.50	1190.59	1191.82	1201.52	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	197.12	197.81	197.31	197.25	220.89 (16/4)	197.12 (24/6)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 2962.21 (2965.56) Low 2910.78 (2947.23)

STANDARD AND POOR'S

	June 24	June 21	June 20	June 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite †	370.94	377.75	375.42	375.09	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	442.32	450.67	447.74	447.34	463.23 (18/4)	364.98 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.44	30.04	29.88	29.85	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	203.49	206.87	205.87	205.78	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	360.01	365.36	364.33	364.73	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	475.23	485.82	485.88	485.36	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	June 21	June14	June 7	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.03	3.05	3.67

	June 19	June12	June 5	year ago (approx.)
S & P Industrial div. yield	2.80	2.79	2.73	2.93
S & P Indl. P/E ratio	18.85	18.91	19.34	16.87

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Telefonos	3,340,300	24⅝	- ⅛
IBM	2,344,200	98⅞	- 1⅛
Pepsico	2,130,500	29⅝	- ⅞
Columb Gas	1,729,000	17¼	+ ⅝
Waste Man	1,551,100	36⅝	- 1
Boeing	1,512,400	45⅞	- 1¼
Gen Motors	1,446,100	41⅞	- 2⅜
Phillip Morris	1,429,900	64¼	- ⅞
RJ Nabisco	1,227,500	10½	- ⅛
Am T & T	1,209,400	37¼xd	- ⅛

TRADING ACTIVITY

† Volume Millions	June 24	June 21	June 20
New York	137.700	193.110	163.821
Amex	10.321	9.635	10.745
NASDAQ	124.118	151.133	143.921
Issues Traded	2,036	2,050	2,041
Rises	298	822	658
Falls	1,327	687	855
Unchanged	411	541	528
New Highs	11	26	21
New Lows	34	16	15

CANADA

TORONTO	Jun 24	Jun 21	Jun 20	Jun 19	1991 HIGH	1991 LOW
Metals & Minerals	3162.36	3204.60	3226.20	3218.50	3284.18 (5/3)	2632.06 (9/1)
Composite	3478.77	3516.80	3527.32	3529.47	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	(c)	1858.88	1865.86	1867.80	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 25	June 24	June 21	June 20	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1499.8	1503.2	1512.1	1503.4	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	652.1	651.6	656.4	653.0	688.1 (29/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	504.89	508.68	510.76	509.96	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1155.93	1159.29	1164.30	1169.14	1212.15 (17/4)	937.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	367.84	367.80	368.28	367.80	367.80 (20/6)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	985.9	996.8	(c)	1007.3	1186.9 (8/4)	898.5 (23/1)
FRANCE						
CAC General (31/12/82)	471.44	477.86	479.10	478.09	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1775.53	1775.63	1806.63	1793.65	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	712.29	711.25	715.76	708.45	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	2006.8	2007.4	2022.7	2001.9	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1691.47	1691.56	1711.86	1687.03	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3604.26	3569.54	3565.14	3593.38	3917.09 (28/5)	2904.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1354.63	1356.88	1362.66	1365.28	1528.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	582.97	580.96	592.74	606.63	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23907.42	23765.46	24275.08	24082.26	27146.91 (18/3)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1852.67	1844.59	1873.04	1861.85	2028.85 (18/3)	1625.08 (17/1)
2nd Section (4/1/68)	3254.17	3272.37	3297.32	3278.58	3423.45 (16/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	623.07	624.91	624.44	623.20	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tril.Rtn.Gen.(End 1983)	278.4	278.9	281.2	279.1	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	198.4	198.7	200.3	198.9	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	767.62	773.15	778.72	773.41	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1024.68	1046.53	1082.62	1101.16	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	405.27	(c)	406.21	406.19	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1329.0§	1326.0	1374.0	1382.0	1416.0 (18/6)	971.0 (25/2)
JSE Industrial (28/9/78)	3822.0§	3865.0	3900.0	3911.0	3911.0 (20/6)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	595.21	593.05	597.69	(c)	697.62 (4/1)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	278.08	278.39	278.50	277.48	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1123.6	1131.0	(c)	1136.9	1137.8 (19/6)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	753.1	752.2	760.2	756.8	766.1 (31/5)	590.4 (14/1)
SBC General (1/4/87)	623.2	622.9	629.2	627.0	630.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5872.74	6090.19	6033.24	5976.14	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	749.82	754.49	773.54	773.03	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (5)	489.9*	489.1	496.0	494.4	529.2 (17/4)	439.1 (16/1)

**Saturday June 22: Taiwan Weighted Price: 6132.73 Korea Comp Ex. 590.57.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 25 June 1991

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	7.8m	407	+1
Nippon Carbon	4.9m	821	+4
Akai Electric	4.7m	1,350	+150
Mitsubishi Heavy	4.1m	707	-3
Chiyoda	3.4m	2,540	+140
Hitachi	5.4m	1,100	+40
Tokyu	3.4m	1,080	+30
Hitachi Zosen	3.3m	645	+7
NKK	3.2m	392	+1
Nomura Sec	2.7m	1,800	0

THE GATWICK BUSINESS AREA

The FT proposes to publish this survey on July 16 1991.
A survey on this dynamic region will be of special interest to around one million FT readers worldwide. If you want to reach this important audience, call Sue Mathieson on 071 873 4129 or fax 071 873 3078.

FT SURVEYS

3:15 pm prices June 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	0.03	15	271	14⅛	14	14	-⅛
18¾	14½	A L Labs A	0.16	0.01	18	527	16¼	16⅛	16¼	
55½	40¾	AMP Inc	1.44	0.03	18	972	50⅛	49¾	49¾	-½
68⅝	44¼	AMR				173494	61⅝	59	59	-1⅞
2⅝	1¼	ARX				1z100	1½	1½	1½	
51¼	41½	ASA	3.50	0.07	14	290	48⅝	48	48⅝	+¼
54	39¼	Abbott Lab	1.00	0.02	22	2408	51¼	50⅝	51¼	+⅜
14½	9⅞	AbitiBi Pr	0.50	0.04	25	24	13⅛	13¼	13⅛	
11⅝	10⅛	ACM Gvt In	1.26	0.12		563	10⅞	10¾	10⅞	+⅛
9¼	8¼	ACM GvOpp	1.01	0.11		70	9¼	9	9	-⅛
9¼	8¼	ACM Gvt Sp	1.01	0.11		59	9	8⅞	9	
11	9¾	ACM Gvt Se	1.26	0.12		439	10⅛	10⅛	10⅛	
8⅞	7⅝	ACM Man	1.01	0.12		232	8¼	8	8¼	+⅛
12⅞	11½	ACM Managd	1.37	0.11		457	12⅛	11⅞	12	
7½	4¼	Acme Cleve	0.40	0.07	14	39	6	6	6	-⅛
6	3½	Acme Elect			44	10	4½	4½	4½	
40	22¾	Acuson			21	2076	30	28	28⅛	-1⅜
18½	14¼	Adams Expr	0.73	0.04	0	197	17⅝	17⅜	17⅜	+⅛
20⅛	18	Adobe12Pf	2.40	0.13		175	18½	18½	18½	
9¼	6⅞	Adobe Res			22	259	7⅛	7½	7½	+⅛
36⅞	18	Ad Micro				19	34½	34⅛	34½	+⅛
14¼	4⅞	Ad Micro P	3.00	0.26	13	1860	11⅞	11⅝	11¾	+⅛
5⅛	2⅛	Advest Grp	0.16	0.04	6	15	4½	4⅜	4½	+⅛
49⅛	38⅞	Aetna Lf	2.76	0.07	7	765	41⅛	40⅝	40⅝	-⅜
10⅝	6⅝	Ahll A	0.24	0.03	35	417	9	8⅞	8⅞	
20¼	12	Ahmanson	0.88	0.05	10	752	18	17½	17⅝	-⅛

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Continued on next page

An important date:

The Annual General Meeting of VIAG AG will be held on 10 July 1991 in the Beethovenhalle, Bonn.

VIAG

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NYSE COMPOSITE PRICES

Continued from previous page

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Price data supplied by Telekurs.

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AMEX COMPOSITE PRICES

3:00 pm prices June 25

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NASDAQ NATIONAL MARKET

3:15 pm prices June 25

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Geneva	+41 22	7311604	7319481	Stockholm	+46 18	552312	552312
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES Wednesday June 26 1991

AMERICA

Dow steadies after Monday's sharp sell-off

Wall Street

US EQUITIES stabilised yesterday morning, trading in a narrowly mixed range after their sharp sell-off on Monday, *writes Karen Zagor in New York.*

At 1.30pm, the Dow Jones Industrial Average was unchanged at 2,913.01, after dropping 52.55 to 2,913.01 on Monday. Volume was relatively light, on the big board, with fewer than 95m shares changing hands by 1pm. Advances led declines by a ratio of four to three.

The economic signals were unclear yesterday. On the one hand, the consumer confidence index firmed to 78 in June from 76.4 in May, existing home sales rose 6 per cent in the month and durable goods orders increased by 3.8 per cent. However, optimism was offset by a 14.8 per cent plunge in Ford Motor's mid-June car sales, and the stock market remains concerned about the prospect of weak second-quarter corporate earnings.

IBM dominated trading again, climbing $1¼ to $99⅝ in anticipation that it will soon announce a wide-ranging accord with Apple Computer. In active over-the-counter trading, Apple added $1 to $42¾.

Shares in Wells Fargo were halted yesterday morning shortly before the bank said that it expected to take a second-quarter loan loss provision of $350m, depressing projected net income for the three months to 20 cents a share from $4.40 a share, after a large pre-tax gain in the 1990 quarter.

When the issue resumed trading at midsession, it plunged $4¾ to $76¾. The news depressed a number of bank stocks including BankAmerica, which slid $⅞ to $36½, CitiCorp, which eased $⅛ to $15¾, and Bankers Trust, down $1¼ at $51.

Adobe Resources gained $⅝ to $7½ after the company said that it had brought in two banks to look at its options after Minorco, which holds just under half of Adobe's shares, said it did not consider it a long-term holding.

Beazer plummeted $1⅝ to $7⅞ after the UK construction company said its earnings for the fiscal year ending this month would be at the low end of expectations. Beazer has also said it would reconsider its dividend policy.

International Specialty was unchanged at $15⅞ in exceptionally active trading, after GAF sold 17.4m shares of the stock at $15.50 a share.

Columbia Gas Systems, which has been active since last week when it scared investors about a possible bankruptcy filing, added $⅝ to $18¾.

In the secondary market, the Nasdaq composite was 0.75 higher at 475.98 at midsession, with gains in many of the technology issues that had lost ground on Monday. Intel was $1¼ higher at $45, Sun Microsystems climbed $2¾ to $27⅞ after dropping more than $4 a day earlier, and Microsoft firmed $1⅞ to $100.

Canada

TORONTO stocks fluctuated in a narrow range by midday. Traders and investors focused on the initial public offering of Petro-Canada, the country's largest integrated oil company.

The composite index gained 1.9 to 3,479.9. Declines led advances by 109 to 92 on volume of 1.9m shares.

Petro-Canada was trading at C$13, unchanged from the offer price, on volume of 2.26m shares.

Encor knocked Petro-Canada out of the top spot on the most active list after three large block trades at C$1 each. Encor was down 3 cents at C$1 on volume of 3.74m shares.

SOUTH AFRICA

INDUSTRIAL stocks fell in Johannesburg as the correction continued, while gold shares edged higher. The industrial index, which hit a record high last Thursday, lost 43 to 3,822, as the all-gold index added 3 to 1,329.

EUROPE

Takeovers enliven Paris as bourses show resilience

BOURSES SHRUGGED off the sharp overnight fall on Wall Street, although the US market's performance early yesterday erased some early gains, *writes Our Markets Staff.*

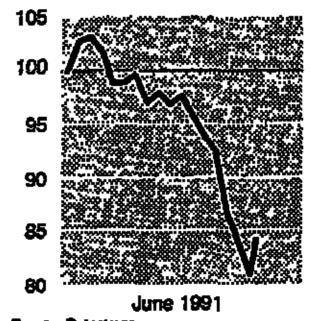
PARIS was again enlivened by takeover news, which helped to double turnover. Three large blocks in Générale des Eaux, traded by domestic brokers, also boosted the total, as the stock slipped FFr6 to FFr2,589 on high volume of 163,404 shares. Overall turnover rose to about FFr2.7bn from FFr1.4bn.

The CAC 40 index closed almost unchanged. The erosion of Wall Street's opening gains helped to wipe out the bourse's 12-point rise, and the index ended 0.10 down at 1,775.53.

Carrefour, the hypermarket group, dropped another FFr94 or 5 per cent to FFr1,795 on heavy volume of 186,465 shares, after its bid on Monday for rival Euromarché, which remained suspended. Au Printemps, which owns a large stake in Euromarché, leapt FFr42 or 6.2 per cent to FFr724 on 119,675 shares.

Spie Batignolles

Share price relative to the Paris CAC 40 Index



Source: Datastream

Spie Batignolles, the engineering company, jumped to a day's high of FFr451, before closing FFr18 or 4.2 per cent up at FFr445. The rise followed news of Trafalgar House's bid for the UK's Davy Corp, in which the French group holds 14.7 per cent.

BSN added FFr10 to FFr890 after a subsidiary of the food group announced plans to buy W&R Jacob, the Irish biscuit maker, in which it already holds 29.6 per cent.

FT-SE Eurotrack 100 - Jun 25

Hourly changes								
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close	
1123.85	1124.41	1125.44	1125.79	1126.62	1128.52	1129.03	1128.57	
Day's High 1129.87				Day's Low 1123.43				
June 24	June 21	June 20	June 19	June 18				
1126.07	1141.29	1131.17	1131.81	1148.56				

Base value 1000 (26/10/90)

FRANKFURT proved surprisingly resilient to Wall Street's big drop overnight and to negative reports in the press. The reports dealt with the possibility of further tax increases, this time to finance the government's move to Berlin, the deteriorating trade balance and the debts run up by the former East German government.

Traders had expected the DAX index to test the 1,660 support level, but instead the real-time index closed just 0.09 lower at 1,691.47. The FAZ index, calculated at midsession, rose 1.04 to 711.25. Volume was steady at DM6.4bn after Monday's DM6.2bn.

There was brisk demand for the diversified car group, Daimler-Benz, which rose DM7 to DM793 with DM750m worth of shares traded on hopes that a recovery in the US and a further rise in the dollar would improve its earnings. There was also renewed speculation that its loss-making AEG electronics subsidiary would return to the black in 1992.

Among retailers, Karstadt fell DM13 to DM660 on reports of a large sell order, while Horten eased DM4 to DM213 before going ex dividend today.

MILAN steadied after its recent slide, as dealers covered their short positions in the afflicted insurance sector. The Comit index recovered 2.01 to 582.97 in volume estimated at near Monday's modest L160bn.

Before yesterday the index had fallen 4.2 per cent since Thursday's news that the government intends to make companies revalue their property for tax purposes. But the market's underlying tone remained nervous. Mr Guido Carli, treasury minister, told parliament that the government was determined to cut the public sector deficit by 6 per cent this year.

Generali, which had lost 5.7 per cent since the proposal, recouped L480 to L33,850.

Shares controlled by Mr Carlo De Benedetti were supported by his statement that the group was in good financial shape but did not plan any major acquisitions. Cir, the holding company, rose L20 to L2,880, and its saving shares gained L20 to L2,970 after the company said that it would buy back 7m savings shares.

STOCKHOLM fell again in thin trading, dragged lower by profit-taking in Volvo after its rally over the past few weeks. The selling was compounded by a negative analysis published in a leading domestic newspaper. The free B shares dropped SKr8 to SKr370.

The Affärsvärlden General index eased 7.4 to 1,123.8 in volume of SKr209m, up from Monday's paltry SKr189m.

MADRID was steady in light trading, as the general index eased 0.31 to 278.08 in turnover of Pta10bn after Pta8.9bn. Activity was concentrated in the utility sector, where Union Fenosa lost Pta14 to Pta566 on volume of 978,128 shares.

Ence, the paper producer, dropped Pta70 or 3 per cent to Pta2,280 on reports of a fund-raising exercise.

AMSTERDAM closed weaker in thin trading, depressed by Wall Street's unsuccessful attempt to rebound at the opening yesterday. The CBS Tendency index lost 0.2 to 94.2.

HELSINKI fell 1.1 per cent in thin trading. The Hex index fell 10.9 to 985.9 in turnover of FM24m, down from FM27m.

ASIA PACIFIC

Nikkei closes higher as investment trusts lend support

Tokyo

BUYING BY investment trusts and domestic pension funds supported a nervous market yesterday. The Nikkei average, which fell 2.1 per cent in the wake of the securities house scandal on Monday, managed to recoup part of that loss, *writes Emiko Terazono in Tokyo.*

The index fell sharply soon after the opening to a day's low of 23,435.55, but it rose later on buying by domestic and foreign investors on the back of the stronger yen and higher bond prices. Traders said investment trust buying was seen at the 23,500 support level, helping the Nikkei to close a net 141.96 up at the day's best of 23,907.42.

Volume rose slightly to 280m shares from 220m, but most investors remained reluctant to commit funds to the market. In spite of the gain in the Nikkei, declines outscored rises by 519 to 377, while 226 issues ended unchanged. The Topix index of all first section stocks regained 8.08 to 1,852.67, but in London trading the ISE/Nikkei 50 index slipped 6.07 to 1,384.84.

Traders said investors were worried that not all of the bad news concerning the stockbroker scandal – which led to the resignations of the chiefs of Nomura Securities and Nikko Securities on Monday – had come out. The resignations followed the news of links to crime syndicates and the compensation of favoured clients for trading losses.

Mr Nick Cant at Baring Securities said that, while most foreign investors based in Japan were unaffected by the incident, those overseas seemed to have lost confidence. He added: "Foreign investors who have committed funds into the Tokyo stock market recently may be more surprised and disturbed."

Brokerage stocks, which plummeted on Monday, suffered further losses in the morning, but recovered on buying by investment trusts. Nomura Securities and Nikko Securities closed unchanged at Y1,800 and Y932 respectively.

Tokyu, the railway company, recouped Y30 to Y1,090. The issue fell sharply on Monday after the Tokyo Stock Exchange announced that it would examine transactions in the stock, amid allegations of price manipulation by a leading brokerage house.

Export-oriented blue chips were in demand from foreign pension funds. Hitachi advanced Y40 to Y1,100 and Toshiba added Y18 at Y739. High-priced small and medium-capital stocks rose on buying by investment trusts. Seven-Eleven Japan moved ahead Y120 to Y8,370 and Secom, the security system company, climbed Y40 to Y6,290.

Akai Electric, a medium-sized audio equipment maker, reversed a morning decline to finish Y150 stronger on the day at a year's high of Y1,350. Investors were encouraged by speculation of a sharp recovery in profits.

Tobishima, the construction company in financial trouble after making extensive loans to an affiliate, forged ahead Y41 to Y965. The company recently announced restructuring plans, but dealers said yesterday's gain was attributable to participants looking for short-term profits.

In Osaka, the OSE average shed 197.09 to 26,585.61 on volume of 25m shares, up from Monday's 16m. Late buying by investment trusts slowed the market's fall, but the index failed to recoup its loss as dealers and leading institutions remained inactive on the last trading day for June delivery.

Nintendo, the video game maker, rallied Y600 to Y13,900 on reports that it had raised shipments to the US for the September to December period by 25 per cent.

Roundup

THE NEGATIVE effects of the overnight fall on Wall Street were diminished by the firm close in Tokyo yesterday, helping most Pacific Rim markets to end above their day's lows.

AUSTRALIA recouped most of its early losses as bargain hunters stepped in. The All Ordinaries index closed 3.4 down at 1,499.8, after falling to 1,483.9. Turnover grew to A$207m from A$131m.

News Corp retrieved part of an early 50-cent loss to close at A$8, down 20 cents, depressed by the overnight fall on Wall Street.

Email fell 17 cents to A$3.13 after a block of 5.1m shares was crossed, amid talk that AMP had not taken up its rights in Email's one-for-five issue. Orbital Engine dropped 23 cents to A$3.95 after a negative newspaper report on prospects for the company's two-stroke engine in the US.

TAIWAN fell sharply in reaction to declines in other markets. The weighted index shed 217.45 or 3.6 per cent to 5,872.74 in turnover of T$56bn (T$40bn).

MANILA was weaker on fears over the fate of the US military bases, damaged by the recent volcanic eruption. Wall Street's decline also affected sentiment. The composite index fell 21.85 or 2.1 per cent to 1,024.68 as turnover picked up to 158m pesos from 101m.

HONG KONG made a technical rebound after an early loss. The Hang Seng index recovered from a low of 3,549 to 3,604.26, up 34.72, in turnover of HK$793m, after HK$751m.

SINGAPORE closed above its lows, helped by the Tokyo improvement. The Straits Times Industrial index lost 7.17 at 1,491.89. Turnover came to S$68m (S$79m). KUALA LUMPUR also finished above the day's worst, the composite index ending 1.84 off at 623.07.

NEW ZEALAND's Barclays index closed 13.07 lower at 1,423.73, after slipping earlier to 1,409.59. Turnover totalled NZ$8.3m, down from NZ$9.6m.

BANGKOK's SET index was finally 4.67 easier at 749.82, having rallied from an initial fall of 13 points.

SEOUL ended slightly higher after fluctuating on a variety of rumours. The composite index gained 2.16 to 595.21 in active trading worth Won143bn, up from Won106bn.

BOMBAY fell in early trading on fears of austerity measures, but picked up later to leave the BSE index only 3.48 off on the day at 1,301.85, after weakening 16.42.

Politics saps strength in France and UK

Antonia Sharpe analyses changes in turnover levels in Europe

FRANCE AND the UK were the main European casualties in volume terms in May, as political uncertainty forced investors on to the sidelines.

French volume dropped 19.1 per cent from April to FFr88.95bn, the lowest level since November 1990, while UK volume fell 16.6 per cent to £26.36bn, its lowest total since January this year. Preliminary calculations paint a slightly more cheerful picture for this month – so far, both markets show a small improvement on an average daily basis.

Mr James Cornish of County NatWest WoodMac, which supplies the turnover data, blames the big fall in volume on both sides of the Channel on disillusionment with the respective prime ministers. In France, Mrs Edith Cresson was initially popular after her appointment on May 15, but rapidly fell in the opinion polls on fears that she would spend her way out of high unemployment by bringing down interest rates too quickly and increasing the budget deficit. "This evoked memories of the early 1980s when high government spending led to a recession," says Mr Cornish.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Feb 1991	Mar 1991	Apr 1991	May 1991	US $bn
Belgium	41.52	45.48	45.46	39.22	1.10
France	106.80	110.40	110.00	88.95	15.07
Germany	120.90	122.90	125.80	120.90	69.52
Italy	5,592.40	15,060.00	12,316.00	13,652.00	10.58
Netherlands	13.88	15.30	14.20	12.30	6.27
Spain	742.61	803.60	651.51	716.00	6.67
Switzerland	14.20	13.88	14.60	15.20	10.26
UK	31.87	36.76	31.61	26.36	44.85

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: County NatWest WoodMac.

In the UK, opinion polls indicating a growing Labour lead over the ruling Conservative party and dismal economic data far outweighed improving inflation prospects.

Sentiment in France remains fragile, in spite of evidence that the economic and monetary policy remains firmly in the hands of Mr Pierre Bérégovoy, the finance minister. However, Mr Cornish, along with other analysts, believes that a lack of courage on the part of buyers is preventing them from entering what he believes is one of Europe's most attractive markets.

"France is looking cheap on both the bond and equity front," he says. French bond yields are now 90 basis points above German bond yields, and French inflation is expected to be lower than Germany's in July, when the latter's tax increases come into effect.

Goldman Sachs is equally positive about France. In its June report, it sees a potential drop of 100 basis points in French long-term interest rates over the next 12 to 18 months. "Another upside of 15 per cent to 20 per cent [in the equity market] would then be imaginable," the broker says.

Italy and Spain provided the rises in May. Italian volume rose 10.8 per cent as a perception that the market had underperformed for too long brought domestic and foreign investors back in the second half of the month. Fiat's decision to hold its dividend and a buy recommendation on the stock by Nomura also contributed to the increased activity.

Volume is expected to fall this month after the Italian government's decision to force all companies to revalue property assets for tax purposes.

Spain registered a 9.9 per cent increase in volume in May after the government did better than expected in local elections. Turnover was also boosted by several block trades, as banks and utilities reshuffled their holdings and mergers – or rumours of them – took place.

German turnover expanded by only 4.1 per cent in May but preliminary data suggest a 15 per cent increase in June on continued foreign buying.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie *in conjunction with the Institute of Actuaries and the Faculty of Actuaries*

NATIONAL AND REGIONAL MARKETS	MONDAY JUNE 24 1991								FRIDAY JUNE 21 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	139.10	−0.7	125.55	122.08	129.05	121.10	−0.8	5.39	140.14	127.39	123.09	131.08	121.83	147.30	112.74	141.03
Austria (20)	187.74	+0.5	169.46	164.78	174.18	174.16	−0.4	1.66	186.80	169.80	164.07	174.71	174.90	222.37	167.00	253.78
Belgium (49)	127.58	+0.6	115.16	111.96	118.36	115.82	−0.2	5.10	126.81	115.27	111.37	118.60	115.87	151.20	121.73	150.40
Canada (115)	138.93	−1.1	125.40	121.93	128.88	114.99	−1.1	3.38	140.42	127.64	123.33	131.33	116.22	142.27	126.49	134.49
Denmark (37)	242.25	+0.9	218.67	212.63	224.75	226.77	+0.2	1.49	240.13	218.28	210.92	224.59	226.41	270.56	217.74	259.44
Finland (16)	101.87	+0.3	91.96	89.42	94.52	91.05	−0.3	2.88	101.53	92.29	89.18	94.97	91.30	125.15	90.61	135.53
France (114)	128.10	−0.6	115.62	112.42	118.83	121.77	−1.4	3.63	128.82	117.10	113.14	120.47	123.46	152.26	121.85	159.62
Germany (65)	110.33	+0.1	99.59	96.85	102.36	102.36	−0.8	2.19	110.27	100.24	96.87	103.14	103.14	125.36	102.43	132.43
Hong Kong (55)	149.88	−0.1	135.29	131.54	139.06	148.62	+0.0	5.21	150.00	136.35	131.75	140.30	148.59	161.77	119.62	135.27
Ireland (18)	143.79	+0.5	129.79	126.20	133.40	135.11	−0.4	3.78	143.10	130.08	125.69	133.84	135.60	182.46	132.88	188.81
Italy (77)	74.32	−1.6	67.08	65.23	68.95	73.71	−2.3	3.17	75.52	68.65	66.33	70.63	75.48	88.23	72.05	106.67
Japan (474)	129.33	−1.6	116.74	113.51	120.00	113.51	−1.6	0.74	131.38	119.42	115.39	122.89	115.39	146.97	118.35	141.97
Malaysia (68)	235.63	−0.4	212.69	206.80	218.60	252.92	−0.2	2.56	236.51	214.99	207.73	221.20	253.45	247.78	192.83	229.32
Mexico (15)	1004.57	+1.4	906.77	881.71	932.00	3912.07	+1.4	1.94	990.63	900.49	870.09	926.53	3266.08	1079.72	534.45	514.02
Netherland (31)	134.35	−0.1	121.27	117.92	124.65	123.25	−0.8	4.35	134.44	122.20	118.08	125.74	124.28	145.73	125.70	140.96
New Zealand (13)	47.60	−0.4	42.96	41.78	44.16	43.97	−0.2	7.99	47.80	43.45	41.98	44.71	44.06	54.64	41.18	65.61
Norway (32)	195.52	+0.0	176.48	171.61	181.40	184.70	−0.9	1.59	195.47	177.69	171.69	182.83	186.32	223.24	182.24	233.88
Singapore (38)	196.00	−0.1	176.92	172.03	181.84	160.50	+0.0	2.11	196.28	178.42	172.40	183.57	160.50	208.25	151.63	205.01
South Africa (61)	229.39	−2.2	207.06	201.33	212.82	167.43	−1.6	3.28	234.57	213.23	206.03	219.39	170.07	236.46	173.00	172.67
Spain (55)	149.38	+1.0	134.83	131.11	138.59	126.57	+0.0	4.22	147.93	134.47	129.93	138.35	126.63	171.12	131.61	166.59
Sweden (26)	188.73	+0.6	170.36	165.65	175.10	180.21	−0.3	2.46	187.53	170.47	164.72	175.40	180.80	204.12	146.80	220.19
Switzerland (58)	90.10	−0.3	81.33	79.09	83.60	85.66	−1.2	2.24	90.42	82.19	79.42	84.58	86.69	100.67	82.17	105.06
United Kingdom (239)	161.59	−0.4	145.86	141.81	149.90	145.86	−1.1	5.03	162.29	147.52	142.53	151.77	147.52	187.44	158.27	167.78
USA (525)	150.04	−1.8	135.44	131.70	139.21	150.04	−1.8	3.23	152.74	138.84	134.16	142.86	152.74	158.24	125.95	142.58
Europe (837)	132.53	−0.3	119.63	116.32	122.96	121.62	−1.0	3.91	132.86	120.79	116.71	124.29	122.89	151.52	125.50	150.19
Nordic (111)	182.06	+0.7	164.34	159.80	168.91	165.46	−0.2	1.94	180.87	164.41	158.87	169.17	165.77	200.81	155.55	207.96
Pacific Basin (718)	130.15	−1.5	117.48	114.23	120.75	114.70	−1.5	1.11	132.07	120.05	116.00	123.53	116.46	145.92	117.86	141.63
Euro – Pacific (1555)	131.42	−1.0	118.62	115.34	121.92	118.29	−1.3	2.23	132.72	120.65	116.57	124.13	119.87	147.66	121.29	145.50
North America (640)	149.27	−1.7	134.73	131.02	138.51	147.69	−1.7	3.24	151.89	138.07	133.42	142.09	150.29	157.04	125.91	141.99
Europe Ex. UK (598)	114.67	−0.1	103.51	100.67	106.41	107.39	−1.0	3.12	114.84	104.39	100.89	107.44	108.45	129.80	106.65	138.14
Pacific Ex. Japan (244)	138.01	−0.4	124.57	121.15	128.05	124.24	−0.3	4.72	138.59	125.98	121.74	129.63	124.58	145.66	111.40	136.83
World Ex. US (1746)	133.18	−1.0	120.22	116.90	123.56	119.47	−1.3	2.29	134.53	122.29	118.17	125.83	121.05	148.16	122.32	145.61
World Ex. UK (2032)	135.59	−1.4	122.39	119.01	125.80	127.31	−1.5	2.37	137.48	124.97	120.76	128.59	129.26	145.77	120.06	141.04
World Ex. So. Af. (2210)	137.28	−1.3	123.92	120.50	127.37	128.77	−1.5	2.62	139.05	126.39	122.14	130.06	130.69	148.66	122.92	143.23
World Ex. Japan (1797)	143.71	−1.1	129.72	126.14	133.35	137.51	−1.4	3.55	145.37	132.15	127.70	135.99	139.46	152.83	126.69	145.59
The World Index (2271)	137.87	−1.3	124.45	121.02	127.92	129.10	−1.5	2.63	139.67	126.96	122.88	130.64	131.03	149.01	123.28	143.41

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